



**Financial Systems Integration Office**

**Financial Management Systems  
Standard Business Processes  
for U.S. Government Agencies**



**Standard Business Processes**

**November 2008**

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# Listed Abbreviations

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ACH	Automated Clearing House
ALC	Agency Location Code
BETC	Business Event Type Code
BFELoB	Budget Formulation and Execution Line of Business
BRM	Business Reference Model
CCA	Clinger-Cohen Act
CCD	Cash Concentration Disbursement
CCD+	Cash Concentration Disbursement Plus Addendum
CCLR	Claims Collection Litigation Report
CCR	Central Contractor Registry
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CFSR	Core Financial System Requirements
CGAC	Common Government-wide Accounting Classification Structure
CIO	Chief Information Officer
CO	Certifying Officer
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
CPIC	Capital Planning and Investment Control
CTX	Corporate Trade Exchange
CVFR	Current Value of Funds Rate
DCIA	Debt Collection Improvement Act of 1996
DEO	Data Entry Operator
DMM	Debt Management Module
DMS	Department of Treasury, Debt Management Service
DOJ	Department of Justice
DUNS	Dun and Bradstreet Number
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance With Treasury
FEA	Federal Enterprise Architecture
FEAF	Federal Enterprise Architecture Framework
FFMIA	Federal Financial Management Improvement Act of 1996

FFMSR	Federal Financial Management Systems Requirements
FI	Financial Institution
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMS	Financial Management Service
FOMF	Financial Organization Master File
FPA	Federal Program Agencies
FRB	Federal Reserve Bank
FSIO	Financial Systems Integration Office
GAO	Government Accountability Office
GMRA	Government Management Reform Act of 1994
GPRA	Government Performance and Results Act of 1993
GSA	General Services Administration
ID	Identification
IDD	International Direct Deposit
IFF	Industrial Funding Fee
IPAC	Intra-Governmental Payment and Collection
IPP	Internet Payment Platform
IRM	Information Resource Management
IRS	Internal Revenue Service
IT	Information Technology
JFMIP	Joint Financial Management Improvement Program
NACHA	National Automated Clearing House Association
NIST	National Institute of Standards and Technology
OCR	Optical Character Recognition
OFFM	Office of Federal Financial Management (OMB)
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PMA	President's Management Agenda
PMD	Payment Management Disbursing
PO	Purchase Order
PPA	Prompt Payment Act
PPD	Prearranged Payment and Deposit
PPD+	Prearranged Payment and Deposit Plus Addendum
RITS	Retirement and Insurance Transfer System
RTN	Routing Transit Number
SFFAS	Statements of Federal Financial Accounting Standards
SFFBP	Standard Federal Financial Business Processes

SPS	Secure Payment System
SSP	Shared Service Provider
TAFS	Treasury Appropriation Fund Symbol
TAS	Treasury Account Symbol
TFM	Treasury Financial Manual
TGA	Treasury General Account
TOP	Treasury Offset Program
TPA	Trading Partner Agreement
TRACS	Treasury Receivable Accounting and Collection System
TROR	Treasury Report on Receivables and Debt Collection Activities
TRS	Treasury Reporting System
USSGL	U.S. Standard General Ledger

# Foreword

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To meet the objectives of the Federal Financial Management Improvement Act of 1996 and OMB Circular A-127, Federal agencies must improve the cost, quality, and performance of Federal financial management systems by leveraging common standards, shared solutions, and implementing other government-wide reforms that foster efficiencies in Federal financial operations. Critical to these efforts is the definition and implementation of standard business processes for core financial management functions across government. Through standardization, Federal entities are better positioned to implement lower cost, lower risk, and higher performing financial management solutions.

The *Standard Federal Financial Business Processes (SFFBP) Document* is designed to standardize common financial business activities and processes to ensure that financial managers assess programs and make decisions with timely and accurate data. This publication was developed for the Federal financial community, vendors who support financial management system implementations, and contractors of financial management system products in full cooperation with the Chief Financial Officer (CFO) Act Agencies, and other contributors.

## **Financial Systems Integration Office**

The Financial Systems Integration Office (FSIO) within the General Services Administration (GSA) supports government-wide financial management activities. FSIO is the successor organization to the Joint Financial Management Improvement Program (JFMIP), authorized under the Administrative Procedures Act of 1950. In December 2004, Program Management office roles and responsibilities of JFMIP were modified and transferred to FSIO. OMB and the Chief Financial Officers Council, working closely with the Federal financial management community, established FSIO to manage:

1. Core financial systems requirements development, testing and product certification;
2. Priority projects supporting the Federal financial community; and
3. Outreach through an annual financial management conference and other related activities.

**For more information, visit the FSIO website at <http://www.fsio.gov>**

# Introduction

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## 1.1 BACKGROUND

Over the years, the Federal government has committed significant resources toward implementing Federal financial management systems that meet its needs for timely, useful, and reliable financial information. Agencies are making progress, but additional improvement is needed. To facilitate the move toward modern financial systems, standardizing financial management was identified as one of several government-wide initiatives to improve the management of the Federal government.

The financial management standardization initiative leverages shared solutions and technology investments across government by integrating agency operations and information technology investments by normalizing the underlying business processes of Federal agencies. OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow in managing financial management systems. A core financial system within the financial management system must be commercial off-the-shelf and certified by the Financial Systems Integration Office (FSIO). Previously, agencies had to implement systems that had been certified by FSIO as meeting the Core Financial System Requirements, but could configure those systems to support their agency-specific business processes. In the future, the certification process will include both the Core Financial Systems Requirements and the Standard Financial Processes (as defined in this document). Shared Service Providers will subsequently implement the FSIO tested and certified software which will include CGAC and the standard business processes and will be released as the Federal configuration.

One of the measures of success for this initiative is to implement financial management processes and systems that comply with the Federal Financial Management Improvement Act of 1996 (FFMIA). FFMIA requires that agency systems comply with: Federal financial management system requirements, applicable accounting standards, and United States Standard General Ledger (USSGL) at the transaction level.

In the short term, the standardization effort will help agencies:

- *Promote a universal understanding of standard government financial business processes.* Establishing standard financial business processes for Federal agencies promotes a uniform way of doing the government's financial business. The defined processes and data no longer will vary from agency to agency or system to system. Use of standard financial business processes reduces training and start-up time for agency financial personnel transferring from one agency to another. Standard processes make it easier for managers to determine where controls need to be placed or implemented in the processing of accounting events.
- *Incorporate best business practices.* A number of agencies are in the process of moving from *bureau-level* systems to enterprise-wide systems. Each implementation begins with a task of defining the processes used within the agency. Standard business processes provide a uniform framework, reduce the burden of making decisions on how to conduct business, and facilitate the implementation process.

In the long term, the standardization effort will help agencies:

- *Aid in the evolution of financial management throughout the Federal government.* There is a logical sequence of steps to an overall standardization strategy for Federal financial management that includes common business processes, data definitions, and accounting classification elements. The standard government financial business processes are building blocks to a future state that will take a number of years to implement.
- *Mitigate the risks associated with system implementation by providing a uniform starting point for configuration.* FSIO certified vendors will provide a Core Financial System that not only incorporates the Standard Federal Financial Business Processes (SFFBP) (as defined in this document), but also includes the system configuration that was used to complete and pass the certification test. This pre-configured software will significantly reduce the time and effort it takes an agency to implement the Core Financial System, as well as minimize the risk of an incorrect configuration that could result in the inoperability of the Core Financial System.
- *Ease the transition when an agency moves to a new financial management system or shared service provider.* Considerable effort is usually dedicated to defining business processes when an agency moves to a new Core Financial System. The SFFBP establish uniform procedures that will be used across the Federal government. The use of these standard processes will significantly reduce the amount of process mapping and training that will be required when migrating to a new Core Financial System.
- *Facilitate data exchange among an agency's financial systems.* The SFFBP are an integral step towards establishing standard data exchanges (interfaces) between an agency's Financial Management System, which contains the Core Financial System, and an agency's mixed systems (feeder systems). An additional benefit of the SFFBP is establishment of standard data exchanges (interfaces) between an agency's Financial Management System and the central agencies for external regulatory reporting, e.g., Treasury Financial Management Service (FMS).

The *Standard Business Processes Document* encompasses applicable established financial standards used in the Federal government. The policy and governance for classifying the financial effects of the government's business operations are as follows:

- Office of Management and Budget (OMB), including the Office of Federal Financial Management (OFFM), Circulars, Bulletins and Memorandums;
- Department of the Treasury, Treasury Financial Manual (TFM), including the USSGL and Managing Federal Receivables Guidance;
- Financial Systems Integration Office (FSIO) on behalf of the FSIO Transformation Team, a working-group of the Chief Financial Officers (CFO) Council, Core Financial Systems Requirements Document;
- Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS) and Concepts Implementation Guides; and
- Government Accountability Office (GAO) Auditing Standards.

Policies, procedures, and requirements detailed in authoritative guidance are not repeated in this document, rather they are cited as they apply to specific steps within the processes.



## 1.2 PURPOSE AND SCOPE OF THIS DOCUMENT

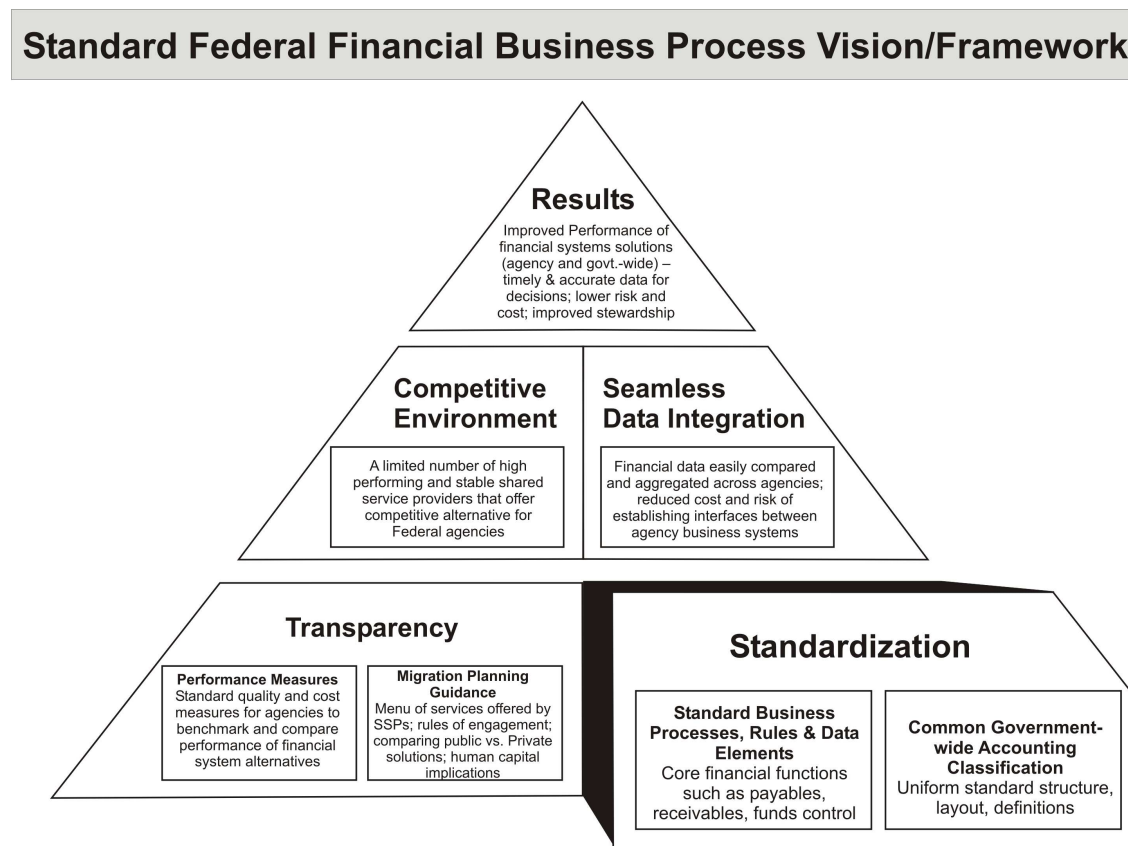
This document presents government-wide common processes and activities, standard business rules, and data exchanges for core financial business processes. Standardizing business processes across the Federal government identifies opportunities to streamline processes and unify work across the agencies and within the Federal government's financial management domain. The outcome will be a more citizen-centered, customer-focused government that maximizes technology investments to better achieve mission outcomes.

The Standard Federal Financial Business Processes (SFFBP) include:

- Sequenced activities for core business processes;
- Business rules governing the process steps;
- Data elements and definitions related to these business processes (e.g., information contained on an obligation – document source, document number, item number, price per item); and
- Relationships among the data elements as they exist in the actual business activities.

The SFFBP document is intended for use by the Federal financial management community to provide guidance for implementing efficient business processes that are consistent throughout the Federal government. Primary users will include accountants, budget analysts, financial and program staff, software vendors, and contractors who support financial management system implementations.

This document supports the financial management standardization vision as part of the standardization foundation, as highlighted in the following diagram.



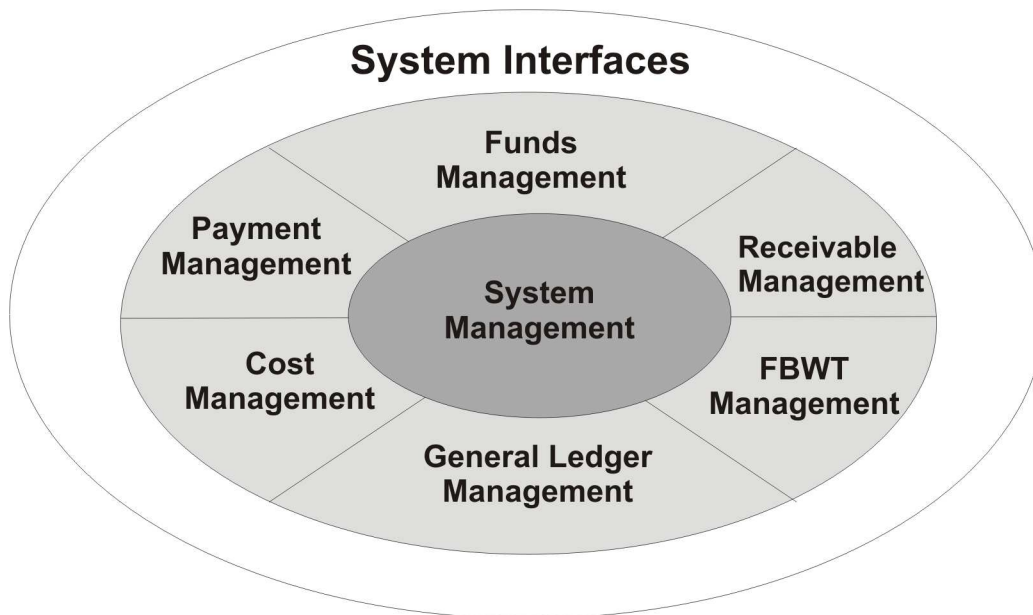
**Figure 1-1: Standard Federal Financial Business Process Vision/Approach**

The subsequent chapters in this document describe the business process flows for core financial business processes, the associated business rules, along with representative USSGL pro-forma entries for the process described. The document will also provide the standard data elements and business rules for the harmonized exchange of data between the common administrative systems (e.g., Grants, Acquisitions, Travel, and Payroll) and the core financial system.

Appendices include the financial management standardization vision and approach to developing SFFBP, a glossary of standard terms and definitions used in this document, a list of relevant laws and regulations affecting Federal financial management and standard business processes, and acknowledgement of those who contributed to this document.

## 1.3 STANDARD FEDERAL FINANCIAL BUSINESS PROCESSES WITHIN CONTEXT OF CORE REQUIREMENTS

Among the *Federal Financial Management System Requirement* (FFMSR) documents is the *Core Financial System Requirements*. It sets forth requirements for the core functions that must be supported in all Federal financial management core systems. The core system functions are as follows:



*Figure 1-2: System Functions*

Core financial systems provide specific functional capabilities necessary for managing a general ledger, controlling spending, making payments, managing receivables, measuring costs, reconciling the agency's Fund Balance with Treasury, and reporting in the Federal environment.

The financial management standardization effort has identified the following business processes for standardization:

- Funds Management;
- Payment Management;
- Receivables Management;
- Reimbursables (which actually crosses all of the above processes); and
- Reporting.

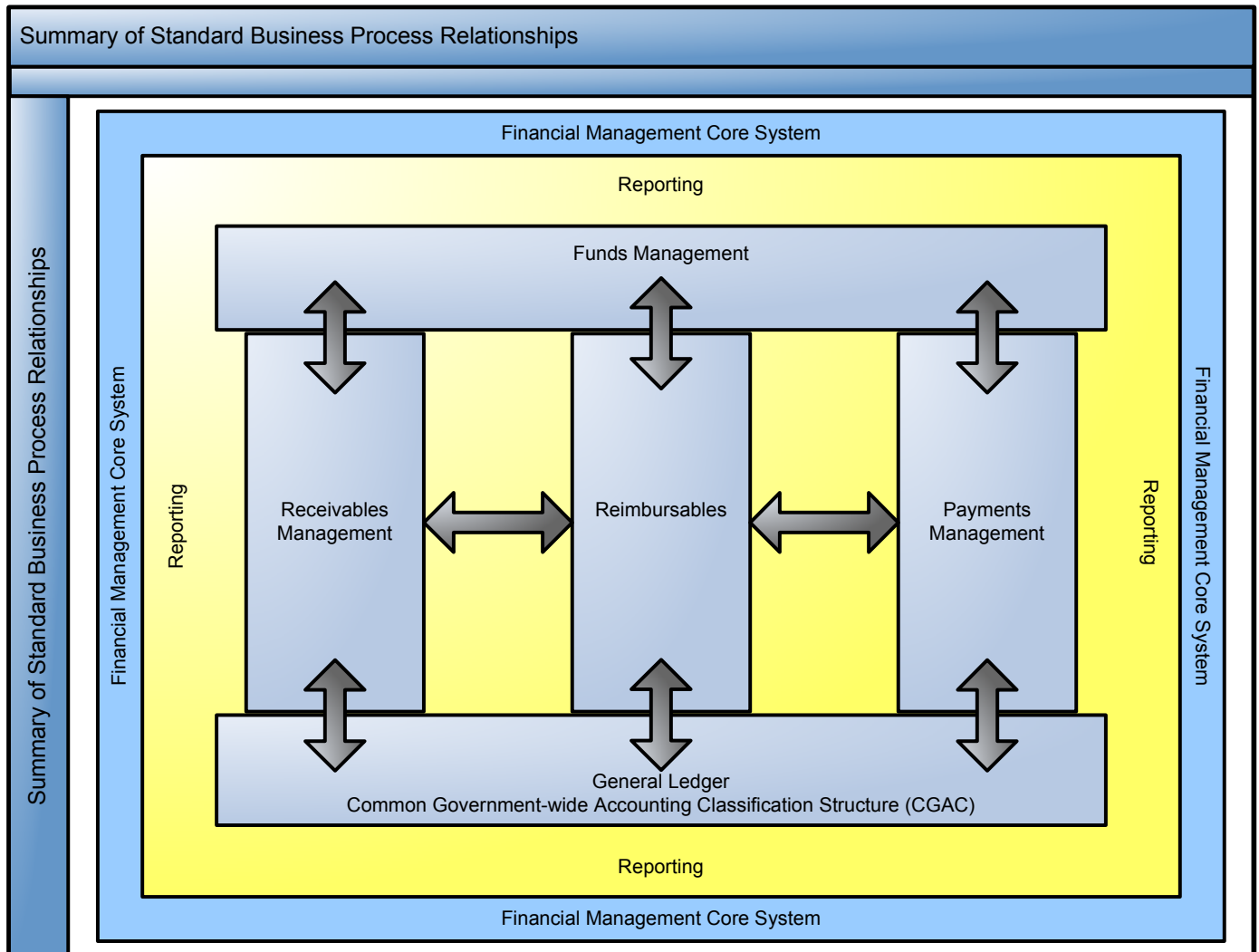
## 1.4 SUMMARY OF STANDARD BUSINESS PROCESS INITIATIVES

The financial management standardization effort includes four business processes: Funds Management, Payment Management, Receivables Management, and Reimbursables Management. The business processes are presented in chapters, which depict their respective processes in flowcharts. Following each flowchart are descriptions of the processes, steps and related business rules. The standard process steps reflect best practices in an electronic environment, sound internal controls, and compliance with Office of Federal Financial Management (OFFM) Core Financial System Requirements (CFSR).

The chapters of the financial management standardization business process document are described as follows:

- **Funds Management.** This chapter includes processes related to the establishment of budgetary authority, funds distribution and funds control. The Funds Management processes describe the recording of the Apportionment and Reapportionment Request (SF 132) and assist agencies in complying with all applicable financial management statutes, regulations, and requirements. In addition, the steps outlined provide standard processes for ensuring effective Funds Control policy.
- **Payment Management.** This chapter includes processes from requisition to payment for commercial contracts and small acquisitions disbursed by Treasury. The Payment Management processes described include goods/services receipt and acceptance, invoice entry and processing, and disbursement. The processes are written assuming best practices, which include, but are not limited to: electronic processing, information routing, review and approval, and separation of duties. In addition, the standard processes included ensure effective cash management.
- **Receivables Management.** The Receivables Management processes were developed in accordance with Treasury's *Managing Federal Receivables* guidance. The chapter includes processes from establishment of a receivable due from the public to the application of receipts. The Receivables Management processes described include establishment and analysis of receivable, including billing and collection activities. The processes are written assuming best practices, which include, but are not limited to: cost effective debt collection and performance measures. In addition, the standard processes included ensure: customer responsiveness and effective cash management.
- **Reimbursables Management.** Development of this chapter is not yet complete and will be included in a future release. Note: This process contains elements of the Funds Management, Payment Management and Receivables Management processes.
- **Reports.** Development of this chapter is not yet complete and will be included in a future release. The format of this chapter has not been determined.

The diagram below depicts Payment Management, Receivables Management, and Reimbursables Management as processes within the Core Financial System under the parameters of Funds Management that are facilitated through the use of the Common Government-wide Accounting Classification structure. Reporting is used throughout the Core Financial System to provide management with accurate and timely information needed to support business decisions, financial statements and effective program operation.



**Figure 1-3: Summary of Standard Business Process Relationships**

See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

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# Funds Management Processes

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## 2.0 FUNDS MANAGEMENT PROCESSES

A strong Funds Management mechanism ensures that Federal dollars are managed properly in the operation of all Core Financial Systems and provides an acceptable level of accountability. The Antideficiency Act requires that the head of each executive agency, subject to the approval of the President, prescribe by regulation a system of administrative control not inconsistent with accounting procedures. The system shall be designed to:

1. Restrict obligations and payments from each appropriation or fund account to the lower of the amount provided in the account (31 USC 1341) or amount of the apportionment or reappropriation (31 USC 1514); and
2. Enable the head of the agency to fix responsibility for an obligation or payment exceeding the amount provided in the account or the apportionment.

The President delegated this authority to the Director of the Office of Management and Budget (OMB). OMB issues instructions on the administrative control of funds in OMB Circular A-11. The terminology in OMB Circular A-11 shall be used in the Funds Management processes.

When an appropriation bill is enacted into law, funds are not automatically made available to agencies. The Antideficiency Act requires that OMB subdivide the appropriation and any other budgetary resources. OMB uses the apportionment and sub-apportionment schedule (SF 132) to review and subdivide the appropriation. This is intended to promote prudent fiscal management by preventing agencies from spending all available resources before the end of the fiscal year.

Apportionment requests are submitted to OMB by the agencies on an SF 132, "Apportionment and Reappropriation Schedule." OMB reviews the requests and takes action. The Standard Form (SF) 132 has two sections: The first, Budgetary Resources, details the amounts available to the agency. The second, Application of Budgetary Resources, displays how the agency intends to use the resources: Category A (quarterly); Category B (by program); and Category C (planned for obligation after the current fiscal year). Please note that Apportionments are updated throughout the year. The SF 132 is a key legal document. It represents the President's disposition of available resources within an appropriation of fund account.

Apportionments establish legal spending limits for the appropriation. These spending limits must be reflected in the Core Financial System so that the spending limitations can be enforced systematically. Entering these spending limits into the Core Financial System can be accomplished by Budget and/or Finance personnel as defined within an agency.

The approved SF 132 becomes the basis for funds control within the agency. However, agencies can further subdivide budgetary resources to lower levels of the organization.

Prior to making these internal subdivisions, agencies typically review their planned resource situation for the upcoming year. The result is a blueprint (sometimes called "operating plan") for use of the available resources.

The Funds Management processes provide safeguards that ensure the distribution, obligation, and payments of funds within budgetary limitations. Specifically, these processes verify the availability of:

- Allotted and suballotted funds for commitment;
- Committed, allotted, and suballotted funds for obligations; and
- Obligated, allotted and suballotted funds for payment (cash outlay).

The Funds Management processes described in this chapter are intended to detail the funds control placed on the amounts located on lines 1 thru 12 of the SF 132 and to assist agencies in complying with all applicable financial management statutes, regulations, and requirements. In addition, the steps outlined in this document provide standard processes for ensuring effective Funds Control policy.

The flowcharts and process steps for the Funds Management Processes detailed in this chapter are:

- FM 2.1 - Budgetary Authority Process
  - FM 2.1.1 - Budgetary Resources. This section describes the recording of lines 1 thru 6 of the SF 132 in the Core Financial System. Once recorded in the Core Financial System, these budgetary resource amounts are available for the recording of apportionments.
  - FM 2.1.2 - Record Application of Budgetary Resources (Apportionment). This section describes the recording of lines 8 thru 11 of the SF 132 in the Core Financial System. Once recorded in the Core Financial System, these amounts may be further sub-divided by an agency into allotments, sub-allotments and any other lower level distribution of funds.
- FM 2.2 - Funds Distribution
  - FM 2.2.1 - Allotment Distribution
    - FM 2.2.1.1 - Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding. This section addresses the allotment process for direct or non-anticipated, non-reimbursable resources. Obligations or expenditures cannot be incurred until an allotment is made by the agency.
    - FM 2.2.1.2 - Allotment for Anticipated Reimbursable Funding. This section addresses the allotment process for anticipated reimbursable funding. Obligations cannot be incurred if reimbursable work is performed on behalf of a non-federal customer until an advance is received or working capital is provided.
    - FM 2.2.1.3 - Allotment for Anticipated Non-Reimbursable Funding. This section addresses the allotment processes for anticipated non-reimbursable resources. Anticipated amounts are not available for reuse until they are actually recovered. Offsetting collections are typically credited directly to expenditure accounts where they are generally available for obligation and



outlay; however, any type of spending is prohibited unless there is cash on hand.

- FM 2.2.2 - Sub-Allotment Distribution. This section addresses the sub-allotment process for allotted resources; however, this process is not required and is optional based upon agency practice. If sub-allotments are used by an agency, obligations or expenditures cannot be incurred until a sub-allotment is made by the agency.
- FM 2.2.3 - Lower Level Distribution. This section addresses the lower level of budgetary distribution, which may be referred to as: allocations, sub-allocations, allowances, sub-allowances, or spending/operating plans. The lower level budgetary distributions are often based on program, projects, or organization/office and contribute to the administrative control of funds.
- FM 2.3 - Funds Control Process
  - FM 2.3.1 - Establishing Commitments and Obligations for Goods and Services. This section describes the procedures necessary to prepare an obligation, for acquisitions or services, which has associated prior commitment accounting.
  - FM 2.3.2 - Establishing Obligations Not Requiring Commitment. This section describes the procedures necessary to prepare an obligation for acquisitions that does not require commitment accounting.
  - FM 2.3.3 - Funds Check Prior to Obligation. This section applies to acquisitions for which commitments and obligations are used and describes the procedures taken when performing a funds check prior to obligation of funds.
  - FM 2.3.4 - Unexpired Funds Validation and Verification. This section addresses the process of validating and verifying the availability of funds for spending transactions.
  - FM 2.3.5 - Expired Funds Validation and Verification. This section addresses the process of validating and verifying the availability of expired funds for the recording of previously unrecorded obligations and/or to make legitimate update adjustments to existing obligations until the expired authority is cancelled and the expired account is closed.

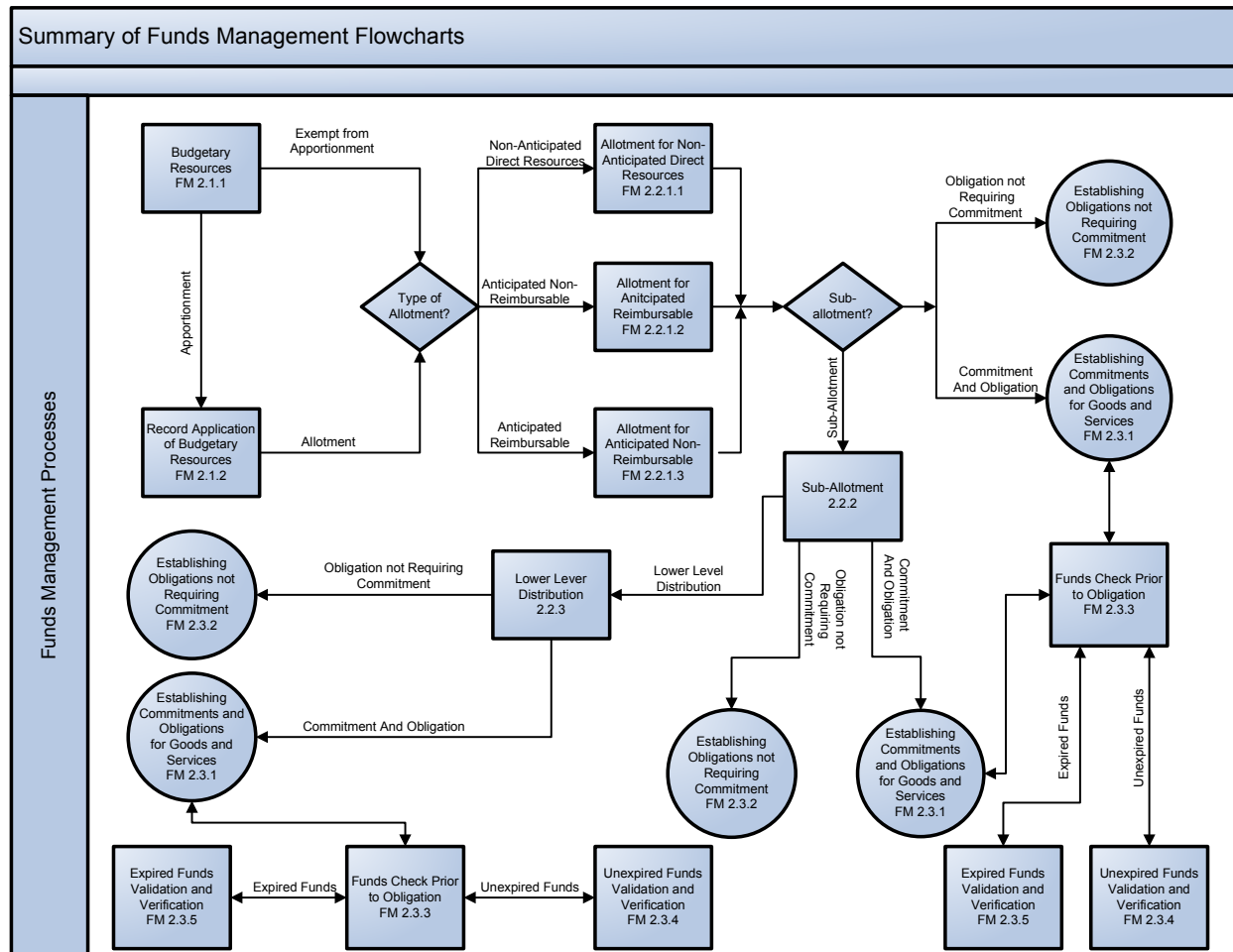
**Note:** The Focus Group for this effort decided that Treasury Warrants would not be included in this document, as they are, in effect, a verification of the appropriation (a Treasury FACTS II edit) and not an integral element of Funds Control.

Included in the scope of this chapter are the following:

- The Budgetary Resources (process of recording an agency's budgetary resources to support the establishment of available funding) and Funds Distribution (the process of establishing the available funds within the Core Financial System (see OMB Circular A-127 for the definition of a Core Financial System)) which are used for funds validation and verification.

- The Funds Management business process standards enforce the distribution, obligation and payment of funds within budgetary limitations as established through the funds execution processes.

The following flowchart depicts the sequence and inter-relations of the Funds Management processes:



## 2.1 BUDGETARY AUTHORITY PROCESS

Establishing budgetary authority is the beginning of the budget execution process. This process records an agency's budgetary resources and supports the establishment of legal budgetary limitations within the agency, including appropriation warrants, apportionments, reapportionments, transfer allocations and continuing resolutions. It also supports the establishment of funding to agencies that are not subject to apportionment.

This section documents the recording of the apportionment and reapportionment request (SF 132) information in the Core Financial System in order to establish budgetary resources and the divisions of amounts per the Apportionment Schedule.

Budgetary resources are made available as follows:

1. Apportionment of unobligated balances carried forward and available to the Treasury Appropriation Fund Symbol (TAFS). This is approved on an SF 132 from OMB.
2. Apportionment of amounts made available under an interim Continuing Resolution (CR). This approval is issued by an OMB Bulletin and may be followed subsequently by an SF 132 from OMB.
3. Apportionment of amounts made available under a regular annual appropriations act. This is automatically apportioned by authority cited in OMB Circular A-11 upon enactment and is followed by an SF 132 from OMB.

An agency's Budget Office, or the CFO in concurrence with the Budget Office, will issue official documentation that will be used to establish budgetary resources (e.g., enacted appropriations, anticipated resources, prior year recoveries) as well as apportionment divisions. This official documentation may be in the form of an actual approved SF 132, an agency internal "mock" SF 132, a CR letter, or a resources letter. The form of official documentation will be dependent upon an agency's internal policies and procedures. However, the intentional use of the 'agency internal official document' is to establish the resources and controls that support the distribution of funding in the agency's Core Financial System.

Budget Authority is recorded in the Core Financial System for multiple uses:

- To establish availability of budgetary resources for use by agency program offices to obligate and expend in support of agency missions; and
- Once the appropriate distribution has been recorded in the Core Financial System, funds control verification can be performed on any spending chain transaction, i.e., commitment, obligation and payment.

## 2.1.1 BUDGETARY RESOURCES

The Budgetary Resources process illustrates the recording of resources as defined on lines 1 thru 6 of the SF 132. Examples of resources recorded are: enacted appropriations; spending authority from offsetting collections; and recoveries of prior year obligations.

When agencies establish budgetary resources in their financial system, they typically employ use of an internal fund code, the agency-assigned code value for a fund. It enables the derivation of other accounting classification elements used to further classify funds. The internal fund code may be used to derive the account identification codes required for reporting externally to Treasury and OMB. The Common Government-wide Accounting Classification (CGAC) structure establishes several standard practices for segregating three types of internal funds below the Treasury Account Symbol (TAS) level:

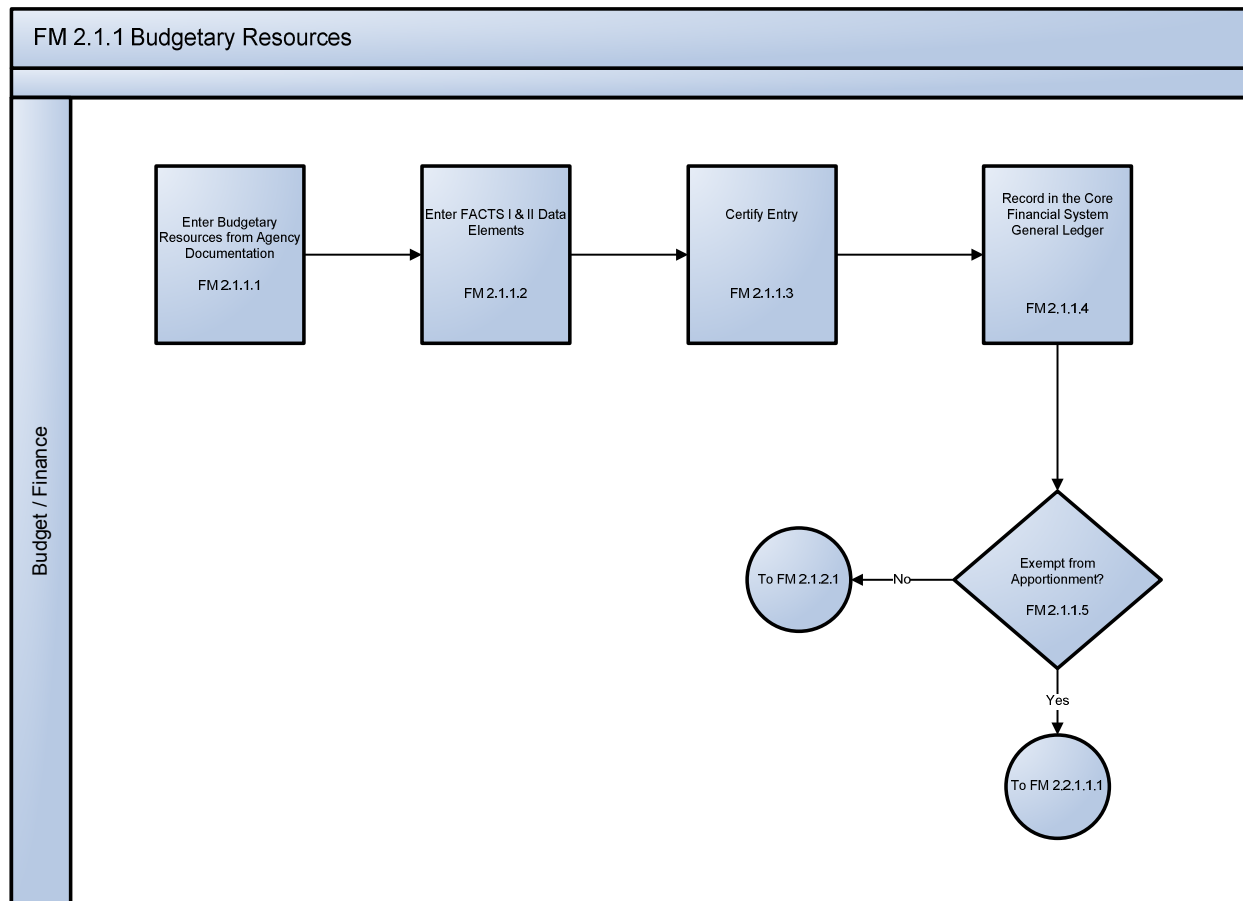
- Funds that have multiple apportionment categories;
- Funds that have both discretionary and mandatory authority; and
- Funds that have both direct and reimbursable authority.

For guidance on CGAC, see FSIO's *Federal Financial Management Standards, Common Government-wide Accounting Classification Structure*.

Once recorded in the Core Financial System, these budgetary resource amounts are then available for the recording of apportionments.

**Note:** “Certify” as used in this process is defined as “review and approve”.

## FM 2.1.1 – Budgetary Resources Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Funds Management Budgetary Resource process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.1.1.1	Enter Budgetary Resources from Agency Documentation	Enter Budgetary Resources in the Core Financial System at the United States Standard General Ledger (USSGL) level and to record FACTS II attributes to begin the chain of monitoring resources.	<p>Enter the budgetary resource breakdowns prescribed by OMB CIRCULAR A-11 for the SF 132 or official documentation (e.g., carryover, enacted appropriation, anticipated resources, and contract authority).</p> <p>Official documentation from the Budget or CFO Office may take the form of a CR letter, actual or mock SF132, resource letter or other such official agency documentation.</p>	FMC-01 FMC-03 FMC-07 FMC-08 FMC-09
FM 2.1.1.2	Enter FACTS I & II Data Elements	Enter appropriate attributes and domain values for applicable USSGL accounts as they relate to resources recorded (e.g., public law, supplemental appropriation).	<p>Only the FACTS II attributes not inherent in the internal fund code are entered.</p> <p>Appropriate edits and validation rules have been configured for current USSGL crosswalks.</p>	GLC-02 GLC-03 SMB-01
FM 2.1.1.3	Certify Entry	After budgetary resource(s) are entered into the system, approval must be performed by appropriate personnel.	This step ensures a separation of duties for review and approval of transaction prior to recording in the General Ledger.	TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07 TLE-08

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.1.1.4	Record in the Core Financial System General Ledger	After the budgetary resource(s) are entered into the system and approved by appropriate personnel, the transaction is recorded in the Core Financial System General Ledger.	<p>The budgetary resource entries are recorded using the USSGL Account Transaction Listing provided in the current Treasury Financial Manual (TFM).</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A104 To record the enactment of appropriations.</p> <p>TFM-A702 To record anticipated reimbursements.</p> <p>TFM-A138 To record estimated recoveries of prior-year obligations.</p> <p><b>Note:</b> If a reversing entry is being recorded, internal checks and edits must ensure that the net amount (e.g., original amount +/- any prior adjustments) is greater than or equal to zero. Reversals can never exceed the total amount recorded for the pro forma transaction code referenced in the original transaction(s).</p>	GLB-01 GLC-01 GLC-05 GLC-07



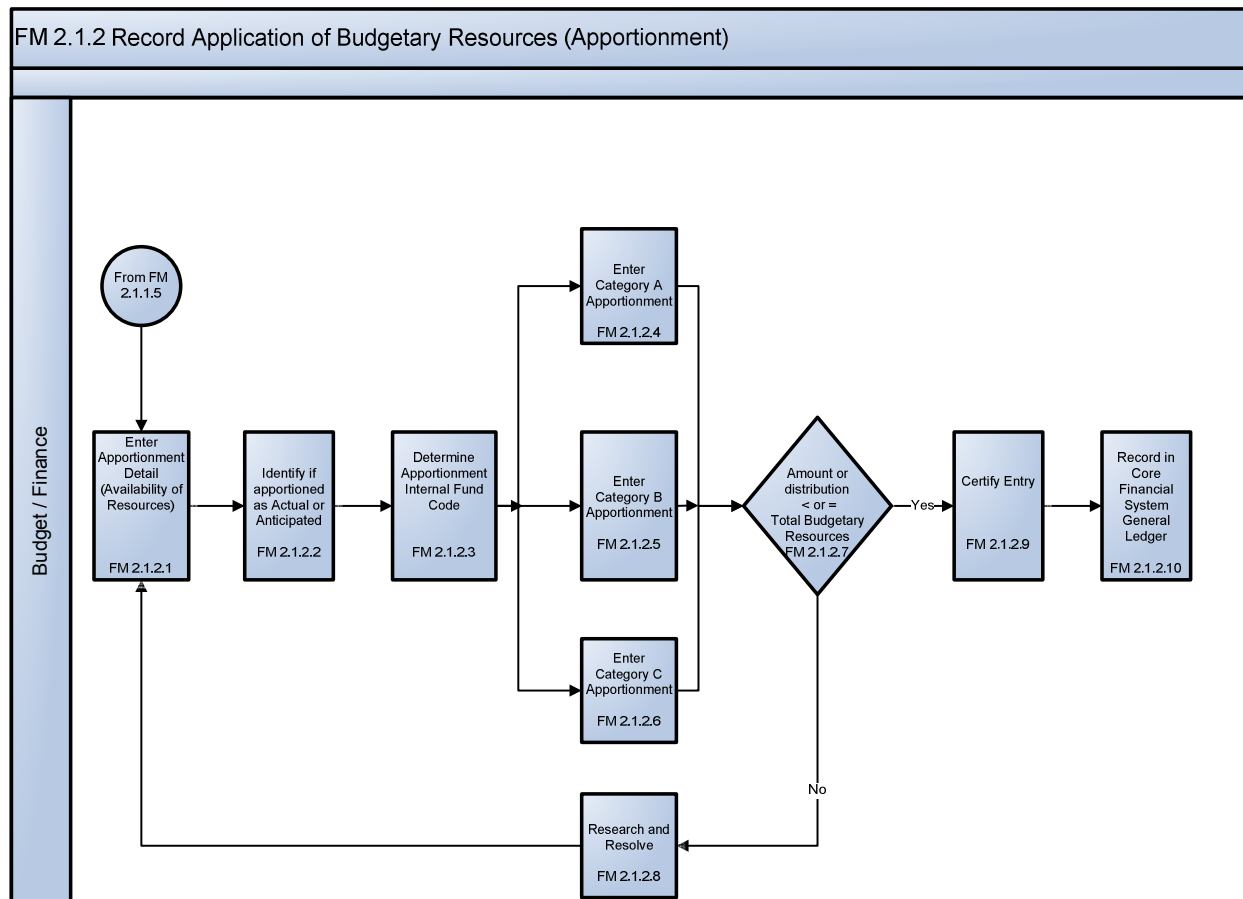
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.1.1.5	Exempt from Apportionment?	Check to see if the budgetary resource is exempt from Apportionment.	<p>Internal agency documentation would include a list of agency funds that are exempt from Apportionment.</p> <p>Verify that this list of agency funds that are exempt from Apportionment is always consistent with OMB's list.</p>	

## 2.1.2 RECORD APPLICATION OF BUDGETARY RESOURCES (APPORTIONMENT)

The Apportionment process documents the recording of the amounts from lines 8 thru 11 of the SF 132, “Application of Budgetary Resources”. The apportionment divides amounts that are available for obligation by specific time periods (typically by quarters, but could be for an entire fiscal year), activities, projects, object classes or a combination thereof. The apportionment may be further subdivided by an agency into allotments, sub-allotments and any other lower level distribution of funds.

**Note:** “Certify” as used in this process is defined as “review and approve”.

### ***FM 2.1.2 – Record Application of Budgetary Resources (Apportionment) Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Record Availability of Resources process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.1.2.1	Enter Apportionment Detail (Availability of Resources)	Record lines 8 thru 11 of the SF 132.	<p>The budgetary resource authority apportioned by OMB and available for allotment entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>The anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p>	FMC-01 FMC-04 FMC-07 FMC-08 FMC-09 FMC-13
FM 2.1.2.2	Identify if apportionment as Actual or Anticipated	User identifies the resource as Actual or Anticipated. If apportionment is anticipated, check whether resource is realized yet.		
FM 2.1.2.3	Determine Apportionment Internal Fund Code	User enters the internal fund code for the apportionment. The accounting classification elements are typically derived not entered.		FMC-04 GLC-02 GLC-03
FM 2.1.2.4	Enter Category A Apportionment	Enter apportionment by fiscal quarter.	Category A apportionments are entered by fiscal quarter only with no further breakdown. Per OMB Circular A-	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			11 instructions for section 1208, Category A apportionments distribute budgetary resources by fiscal quarter.	
FM 2.1.2.5	Enter Category B Apportionment	Enter apportionment by period.	Category B apportionments are entered by activity, beginning and end date, program, project, and object class as applicable.	SMA-03
FM 2.1.2.6	Enter Category C Apportionment	Enter apportionment to be available in future fiscal year.	Enter as available in future fiscal year.  Note: OMB designates Category C as apportioned for future use.	
FM 2.1.2.7	Amount or distribution less than or equal to Total Budgetary Resources?	Is the budgetary resource less than or equal to total budgetary resources previously recorded?	Verify that this amount is less than or equal to Line 7 (Total Budgetary Resources) of the SF132.  For a reversal entry, verify that the amount of the reversal does not exceed the credit balance in USSGL accounts 4510 - Apportionments/ 4590 – Apportionments Unavailable.	SMB-11 SMB-12 SMB-13 SMC-09
FM 2.1.2.8	Research and Resolve	Budget/Finance will resolve the funding issue.	Designated personnel resolve applicable funding issues in accordance with applicable rules, regulations, and agency guidelines.	SMB-16 SMC-09
FM 2.1.2.9	Certify Entry	After the budgetary resource is entered into the system, it has to be approved by	This step ensures a separation of duties for review and approval of transaction prior to	SMC-09 TLE-01 TLE-02 TLE-03

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		appropriate personnel.	recording in the General Ledger.	TLE-04 TLE-06 TLE-07 TLE-08
FM 2.1.2.10	Record in Core Financial System General Ledger	After the budgetary resource is entered into the system and approved by appropriate personnel, the transaction is recorded in the General Ledger.	<p>After the entry passes validation edits, the applicable entry is recorded.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A116 To record budgetary authority apportioned by OMB and available for allotment.</p> <p>TFM-A118 To record anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment.</p>	GLB-01 GLC-05 GLC-07

## **2.2 FUNDS DISTRIBUTION**

Funds distribution is the part of the budget execution cycle in which legally apportioned resources are distributed within an agency to support missions, programs, and other objectives. The process establishes multiple levels of budgetary control by allotting and sub-allotting apportioned resources for agency management.

### **2.2.1 ALLOTMENT DISTRIBUTION**

An Allotment is an authorization within an agency (either from the agency head or some other authorized individual) to lower levels of the organization to incur obligations or make expenditures within a specified amount. An agency would make these allotments in accordance with the general apportionment requirements as stated in OMB Circular A-11. The allotment would also be within the limitations established as a part of recording the apportionment in the Core Financial System in order to comply with the Antideficiency Act, which prohibits incurring any obligation or making any expenditure in excess of an apportionment or reapportionment. This section describes the distribution of funds as a part of the allotment processes for:

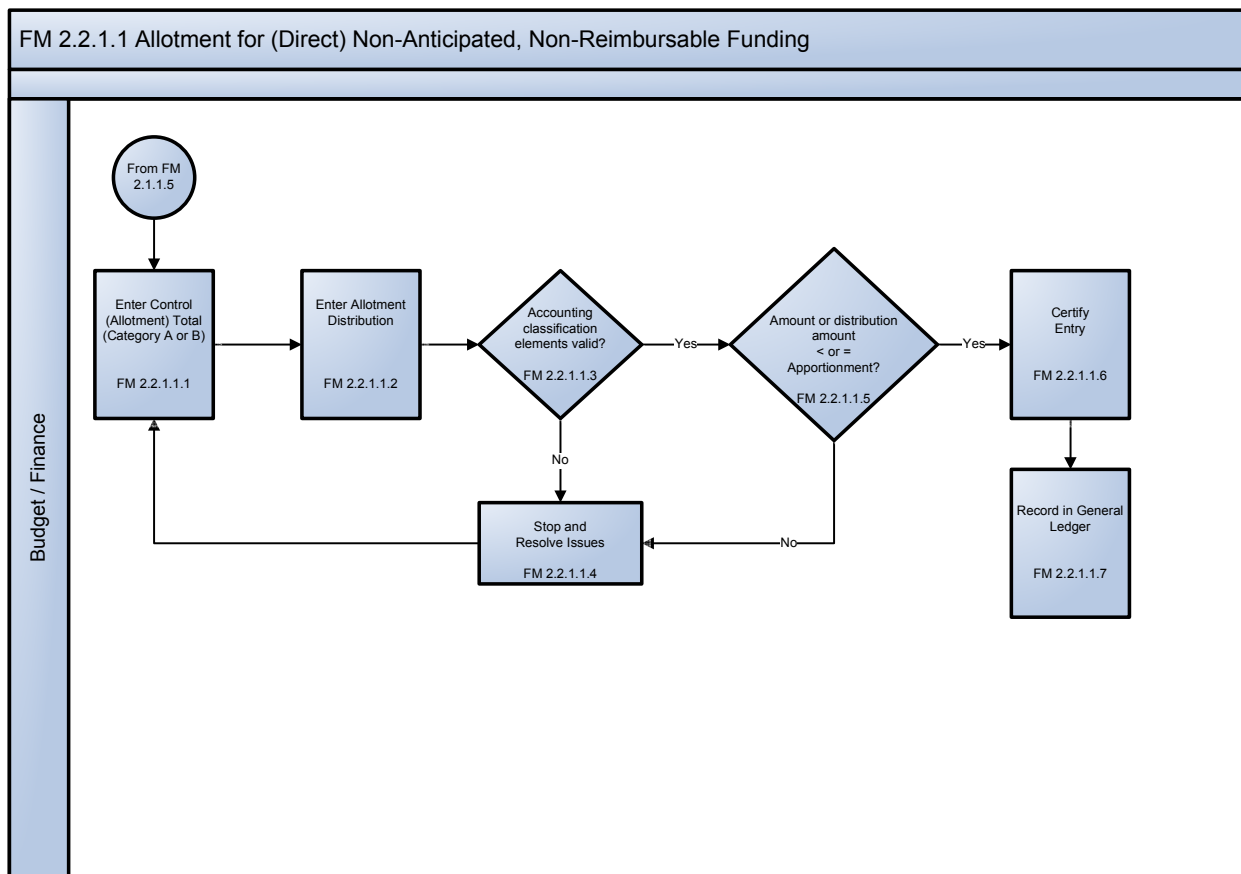
- 2.2.1.1 (Direct) Non-Anticipated, Non-Reimbursable funding;
- 2.2.1.2 Anticipated Reimbursable funding; and
- 2.2.1.3 Anticipated Non-Reimbursable funding.

## 2.2.1.1 Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding

Non-Anticipated, Non-Reimbursable funding refers to those resources that are directly appropriated through Congress and are prescribed in both OMB Circular A-11 and the USSGL portion of the Treasury Financial Manual. Specifically, obligations or expenditures cannot be incurred until an allotment is made by the agency. An Allotment Advice or Advice of Allotment document is the vehicle for the Program offices and/or other internal administrative organization structure of available funding.

**Note:** “Certify” as used in this process is defined as “review and approve”.

### ***FM 2.2.1.1 – Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Allotment for Direct Resources process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.1.1.1	Enter Control (Allotment) Total (Category A or B)	Use official requests (i.e., allotment advice) to create allotment and enter control (allotment) total.  The control total is often at the header level of the record and is established to validate the line level entries.	Record control total, then distribute as necessary.	SMB-25
FM 2.2.1.1.2	Enter Allotment Distribution	Enter Allotment to be distributed.		FMD-01
FM 2.2.1.1.3	Accounting classification elements valid?	Reference appropriate accounting classification elements.	Verify combinations of accounting classification elements are valid and active.	CGAC Compliance SMA-03 SMB-11 SMB-12 SMB-13 SMB-30 SMC-09
FM 2.2.1.1.4	Stop and Resolve Issues	If the accounting classification elements are not valid, Budget/Finance will resolve the issue.	Designated personnel resolve applicable issues in accordance with applicable rules, regulations, and agency guidelines.	SMB-16 SMC-09
FM 2.2.1.1.5	Amount or Distribution less than or equal to the Apportionment?	Determine if the amount or distribution is less than or equal to the Apportionment. This is the Antideficiency check.	Agencies are required to control funds at a detail level (line 8 on SF 132).	
FM 2.2.1.1.6	Certify Entry	After the allotment(s) are entered into the system, it has to be approved by appropriate personnel.	This step ensures a separation of duties for review and approval of transaction prior to posting to the General Ledger.	SMC-09 TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07 TLE-08



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.1.1.7	Record in General Ledger	After the budgetary resource is entered into the system and approved by appropriate personnel, the transaction is recorded in the General Ledger.	<p>After the entry passes validation edits, the applicable entry is recorded.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A116 To record budgetary authority apportioned by OMB and available for allotment.</p> <p>TFM-A118 To record anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment.</p>	GLB-01 GLC-05 GLC-07

## 2.2.1.2 ALLOTMENT FOR ANTICIPATED REIMBURSABLE FUNDING

The recording of reimbursable resources is prescribed in both OMB Circular A-11 and the USSGL portion of the Treasury Financial Manual. Specifically, obligations cannot be incurred if reimbursable work is performed on behalf of a non-federal customer until an advance is received or working capital is provided by law. An anticipated reimbursable is recognized by the performing agency (seller) when a future order from a buying agency is reasonably expected. The basis of an anticipated reimbursable is the seller's reasonable expectation rather than the existence of a valid order at the time the buyer's expectation is realized.

After a valid order is received from the Federal buying agency (customer), the performing agency (seller) may incur obligations against the order if the order is valid—i.e., the performing agency receives a signed agreement from the Federal ordering agency and the Federal ordering agency has recorded an obligation in the amount of the order against its budgetary resources in the form of an undelivered order in the ordering agency's account.

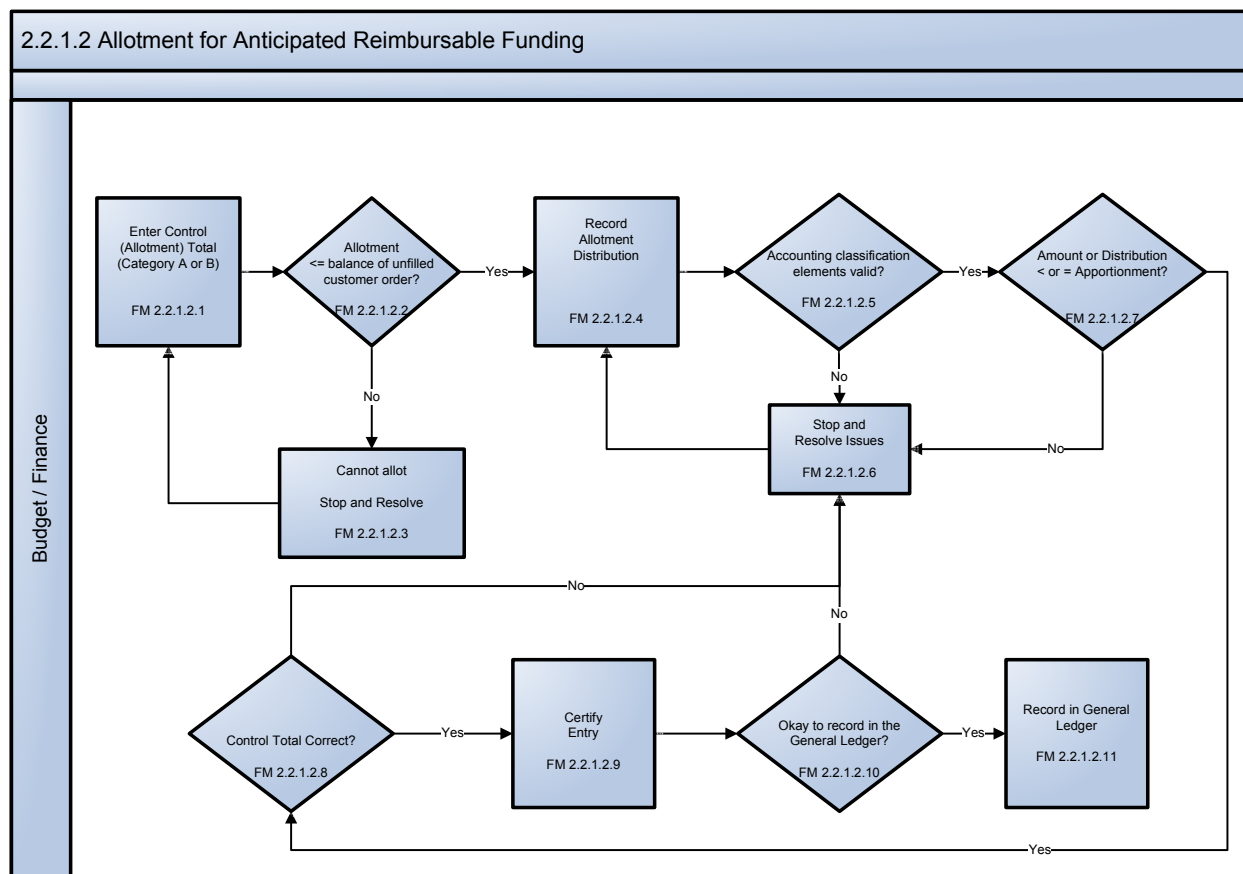
The Allotment for Anticipated Reimbursable Funding process flow and corresponding step descriptions and business rules incorporate best business practices in order to verify and validate the following:

- Allotments for reimbursable activity should not be made unless appropriate obligation authority has been received, i.e., an accepted order or agreement from the Federal customer(s); and
- Total reimbursable allotments, in accounting terms, should not be greater than the total of unfilled customer orders recorded during the fiscal year to date (e.g., debits in USSGL accounts 4221 – Unfilled Customer Orders without Advance, 4222 – Unfilled Customer Orders with Advance, 4251 – Reimbursements and Other Income Earned – Receivable, and Reimbursements and Other Income Earned - Collected).

An Allotment Advice or Advice of Allotment document is the vehicle for informing the Program offices and/or other internal administrative organization structure of available funding.

**Note:** “Certify” as used in this process is defined as “review and approve”.

## FM 2.2.1.2 – Allotment for Anticipated Reimbursable Funding Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Allotment for Anticipated Reimbursable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.1.2.1	Enter Control (Allotment) Total (Category A or B)	Enter control total for Allotment Advice.  The control total is often at the header level of the record and is established to validate the line level entries.	Enter control total, then distribute as necessary.	SMB-25
FM 2.2.1.2.2	Allotment less than or equal to the balance of unfilled customer order?	Determine if the allotment is less than or equal to the balance of the unfilled customer order.	For anticipated reimbursable amounts, an agency cannot obligate greater than the balance of the accepted or unfilled customer orders.	FMC-10 FMC-12 SMB-11 SMB-12 SMB-13 SMC-09
FM 2.2.1.2.3	Record Allotment Distribution	Record the Allotment distribution per the advice document.		FMD-01
FM 2.2.1.2.4	Cannot Allot. Stop and Resolve	If the allotment is greater than the balance of the unfilled customer order, Budget/Finance will resolve the funding issue.	Designated personnel resolve applicable funding issues in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR, agency policies and procedures).	FMD-05 SMB-16 SMC-09
FM 2.2.1.2.5	Accounting classification elements valid?	Reference appropriate accounting classification elements.	Verify combinations of accounting classification elements are valid and active.	CGAC Compliance SMA-03 SMB-11 SMB-12 SMB-13 SMB-30 SMC-09
FM 2.2.1.2.6	Stop and Resolve Issues	If the accounting classification elements are not valid or active, Budget/Finance will resolve the issue.	Designated personnel resolve applicable issues in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR agency	SMA-05 SMA-06 SMB-16 SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		<p>If the amount is greater than or equal to the apportionment, Budget/Finance will resolve the issue.</p> <p>If the allotment distribution is greater than the control total Budget/Finance will resolve the issue.</p> <p>If the entry is not ready to be recorded in the General Ledger, Budget/Finance will resolve the issue.</p>	<p>policies and procedures).</p> <p>Allotment distribution cannot exceed the control total.</p>	
FM 2.2.1.2.7	Amount or Distribution less than or equal to the Apportionment?	Determine if the amount or distribution is less than or equal to the Apportionment. This is the Antideficiency check.	Ensure that the allotment does not exceed the apportionment as recorded in Step FM 2.1.1.4.	
FM 2.2.1.2.8	Control Total Correct?	Determine if the allotment distribution is equal to the control total. This is the entry approval step where the (1) accounting period is checked to see if it is open or closed, (2) the accounting classification elements are revalidated and (3) the control total is checked.	Allotment distribution cannot exceed the control total (e.g., all lines of distribution are added together to ensure they equal the control total).	SMB-25
FM 2.2.1.2.9	Certify Entry	After the budgetary resource is entered into the system, it has to be approved by appropriate personnel.	This step ensures a separation of duties for review and approval of transaction prior to recording in the General Ledger.	TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
				TLE-08
FM 2.2.1.2.10	Okay to record in the General Ledger?	Has the entry been reviewed and approved by the appropriate personnel?	This step is to verify that the review and approval of the transaction prior to recording in the General Ledger has taken place.	SMC-09
FM 2.2.1.2.11	Record in General Ledger	After the budgetary resource is entered into the system and approved by appropriate personnel, the transaction is recorded in the General Ledger.	<p>The allotment entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A120 To record the allotment of authority.</p> <p>TFM-A122 To record the realization of previously anticipated and apportioned authority for programs subject to apportionment.</p>	GLB-01 GLC-05 GLC-07

## 2.2.1.3 ALLOTMENT FOR ANTICIPATED NON-REIMBURSABLE FUNDING

The Allotment for Anticipated Non-Reimbursable Funding process addresses resources that are either 1) Anticipated Recoveries of Prior Year Obligations or 2) Spending authority from offsetting collections. Per Appendix H of OMB Circular A-11 and the USSGL Budgetary Accounting Guide, anticipated amounts are not available for reuse until they are actually recovered.

### *Anticipated Recoveries of Prior Year Obligations*

Estimated amounts of anticipated recoveries, from either a Federal or non-federal source are recorded as an anticipated budgetary resource and apportioned on the SF 132. However, OMB Circular A-11 and the TFM prohibit any type of spending unless there are actual resources, i.e., actual recoveries.

In order to ensure proper internal controls and prevent Antideficiency Act violations, it is essential to verify and validate that the total amount of allotments from anticipated recoveries does not exceed the total of actual recoveries realized to date.

### *Offsetting Collections*

Offsetting collections are typically credited directly to expenditure accounts where they are generally available for obligation and outlay. However, OMB Circular A-11 and the TFM prohibit any type of spending unless there are actual resources or for offsetting collections – cash on hand.

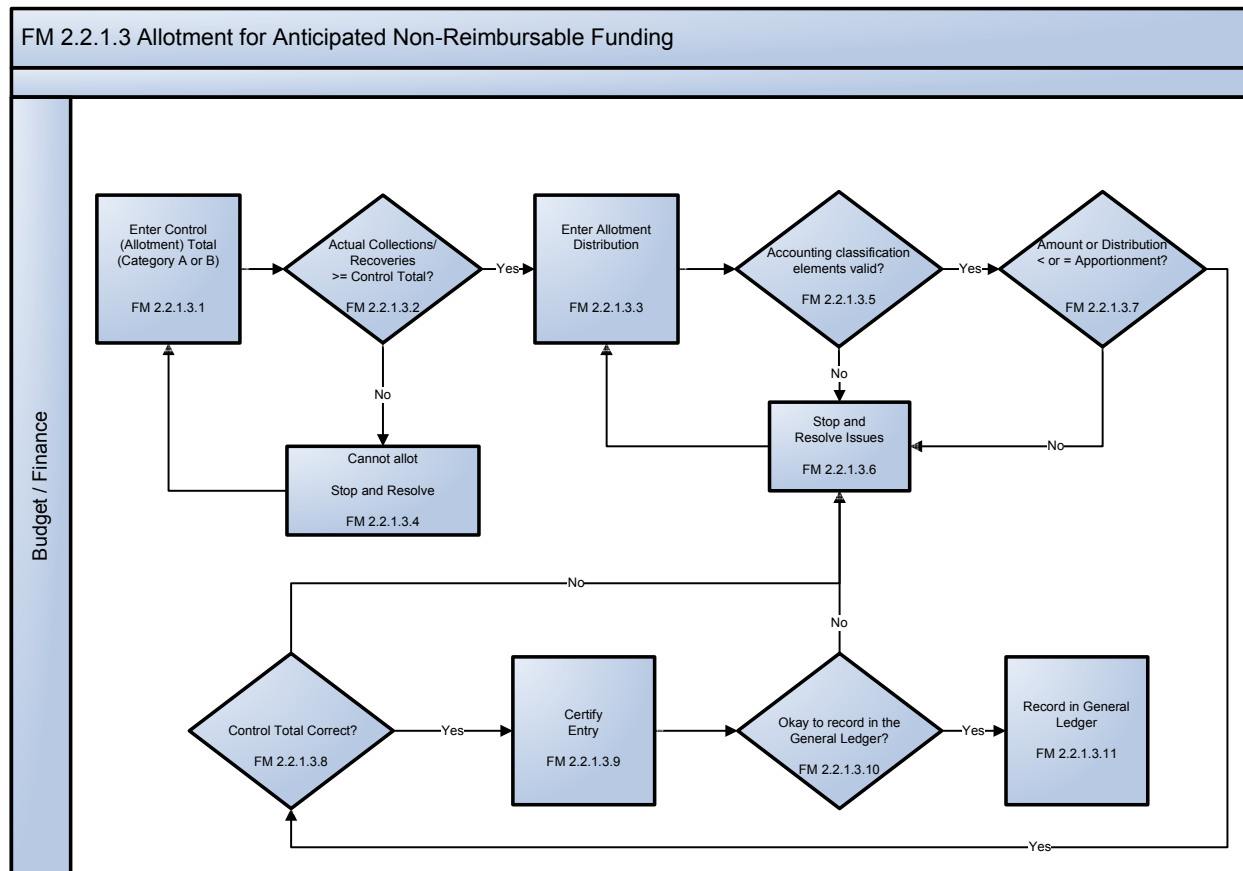
Anticipated collections, from either a Federal or non-federal source, are recorded as an anticipated budgetary resource and apportioned on the SF 132. Per OMB Circular A-11, this would be: (1) offsetting collections in a credit program or liquidating account, or (2) offsetting collections from (a) asset sales, (b) interest received on Federal securities, (c) compulsory collections for the public such as sales taxes, user charges, customs duties, license fees, (d) intergovernmental expenditure transfers with no benefit for the paying account, (e) donations, or (f) refunds.

In order to ensure proper internal controls and prevent Antideficiency Act violations, it is essential to verify and validate that the total amount of allotments from anticipated recoveries does not exceed the total of actual recoveries realized to date (e.g., USSGL accounts 4260 – Actual Collections of Government-Type Fees and 4261 – Actual Collections of Business Type Fees).

An Allotment Advice or Advice of Allotment document is the vehicle for informing the Program offices and/or other internal administrative organization structure of available funding.

**Note:** “Certify” as used in this process is defined as “review and approve”.

## FM 2.2.1.3 – Allotment for Anticipated Non-Reimbursable Funding Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.



The Allotment for Anticipated Non-Reimbursable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.1.3.1	Enter Control (Allotment) Total (Category A or B)	<p>Verify realization of anticipated resources.</p> <p>Enter Control (Allotment) Total from the Administrative, Budget and/or Program Office.</p> <p>The control total is often at the header level of the record and is established to validate the line level entries.</p>	<p>If obligation is classified as Direct then this is allotment total is for anticipated collections or recoveries.</p> <p>Enter control total, then distribute as necessary.</p>	SMB-25
FM 2.2.1.3.2	Actual Collections/ Recoveries greater than or equal to the Control Total?	Determine if the balance of actual collections/recoveries is greater than or equal to the control total.	If the resource is anticipated, verify that actuals (either recoveries or collections) have been recorded for the fiscal year.	SMB-11 SMB-12 SMB-13 SMC-09
FM 2.2.1.3.3	Enter Allotment Distribution	If the anticipated balance is less than the actual balance of the collection or recovery, then record the allotment.		FMD-01
FM 2.2.1.3.4	Cannot Allot. Stop and Resolve	If the anticipated balance is greater than the actual balance of the collection or recovery, Budget/Finance will resolve the funding issue.	Designated personnel resolve applicable funding issues in accordance with applicable rules, regulations, and agency guidelines.	FMD-05 SMB-16 SMC-09
FM 2.2.1.3.5	Accounting classification elements valid?	Reference appropriate accounting classification elements.	Verify combinations of accounting classification elements are valid or active.	CGAC Compliance  SMA-03 SMB-11 SMB-12 SMB-13

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
				SMB-30 SMC-09
FM 2.2.1.3.6	Stop and Resolve Issues	<p>If the accounting classification elements are not valid or active, Budget/Finance will resolve the issue.</p> <p>If the amount is greater than or equal to the apportionment, Budget/Finance will resolve the issue.</p> <p>If the allotment distribution is greater than the control total Budget/Finance will resolve the issue.</p> <p>If the entry is not ready to be recorded in the General Ledger, Budget/Finance will resolve the issue.</p>	Designated personnel resolve applicable funding issues in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR, agency policies and procedures).	SMA-05 SMA-06 SMB-16 SMC-09
FM 2.2.1.3.7	Amount or Distribution less than or equal to the Apportionment?	Determine if the amount or distribution is less than or equal to the apportionment. This is the Antideficiency check.	Ensure that the allotment does not exceed the apportionment as recorded in step FM 2.1.1.4.	
FM 2.2.1.3.8	Control Total Correct?	Determine if the allotment distribution is equal to the control total. This is the entry approval step where the (1) accounting period is checked to see if it is open or closed, (2) the accounting classification elements are revalidated, and (3)	Allotment distribution cannot exceed the control total (e.g., all lines of distribution are added together to ensure they equal the control total).	SMB-25

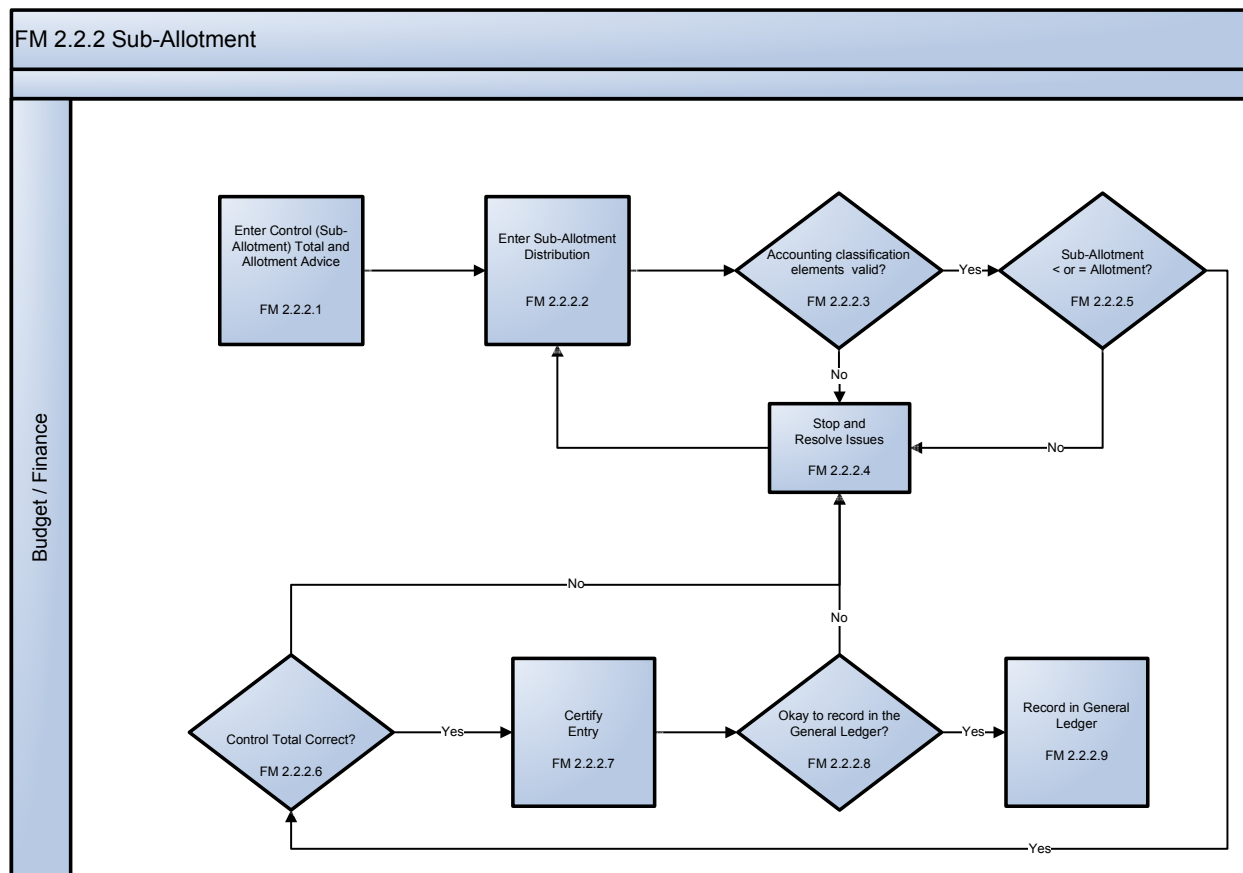
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		the control total is checked.		
FM 2.2.1.3.9	Certify Entry	After the budgetary resource is entered into the system, the transaction has to be approved by appropriate personnel.	This step ensures a separation of duties for review and approval of transaction prior to posting to the General Ledger.	TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07 TLE-08
FM 2.2.1.3.10	Okay to record in the General Ledger?	Has the entry been reviewed and approved by the appropriate personnel?	This step is to verify that the review and approval of the transaction prior to recording in the General Ledger has taken place.	SMC-09
FM 2.2.1.3.11	Record in General Ledger	After the budgetary resource is entered into the system and approved by appropriate personnel, the transaction is recorded in the General Ledger.	<p>After the entry passes validation edits, the applicable entry is recorded.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A116 To record budgetary authority apportioned by OMB and available for allotment.</p> <p>TFM-A118 To record anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment.</p>	GLB-01 GLC-05 GLC-07

## 2.2.2 SUB-ALLOTMENT DISTRIBUTION

Recording sub-allotted resources is prescribed in both OMB Circular A-11 and the USSGL portion of the Treasury Financial Manual as a further agency sub-division of funds and is an optional step based upon agency business practices. Specifically, obligations or expenditures cannot be incurred until an allotment or sub-allotment is made by the agency. An Allotment Advice or Advice of Allotment document is the vehicle for informing the Program offices and/or other internal administrative organization structure of available funding.

**Note:** “Certify” as used in this process is defined as “review and approve”.

## FM 2.2.2– Sub-Allotment Distribution Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Sub-Allotment process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.2.1	Enter Control (Sub-Allotment) Total and Allotment Advice	<p>Enter control (Sub-Allotment) total from the Administrative, Budget and /or Program Office.</p> <p>The control total is often at the header level of the record and is established to validate the line level entries.</p>	<p>Establish amount of sub-allotment appending a unique sub-allotment identifier to an allotment advice.</p> <p>Total of all distribution on this sub-allotment must not exceed control total.</p> <p>Overall sub-allotments cannot exceed allotment.</p>	SMB-25
FM 2.2.2.2	Enter Sub-Allotment Distribution	<p>Official requests (i.e., appropriate allotment advice) create sub-allotment.</p> <p>Enter sub-allotment amounts for categories to be control.</p>	Based upon allotment pools from referenced allotment advice (i.e., second level of the organization)	FMD-01 FMD-03
FM 2.2.2.3	Accounting classification elements valid?	Reference appropriate accounting classification elements.	Verify combinations of accounting classification elements are valid and active.	CGAC Compliance  SMA-03 SMB-11 SMB-12 SMB-13 SMB-30 SMC-09
FM 2.2.2.4	Stop and Resolve Issues	<p>If the accounting classification elements not valid, Budget/Finance must resolve the issue.</p> <p>If the amount is greater than or equal to the Allotment, Budget/Finance must resolve the issue.</p>	Designated personnel resolve applicable funding issues in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR, agency policies and procedures)	SMA-05 SMA-06 FMD-05 SMB-16 SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		<p>If the Allotment distribution does not equal the control total, Budget/Finance must resolve the issue.</p> <p>Determined that the entry is not ready to be recorded in the General Ledger.</p>		
FM 2.2.2.5	Sub-Allotment less than or equal to the Allotment?	Determine if the sub-allotment is less than or equal to the referenced allotment advice. This is the Antideficiency check.	Ensure that this sub-allotment and other sub-allotments do not exceed the allotment.	
FM 2.2.2.6	Control Total Correct?	Determine if the allotment distribution is equal to the control total. This is the entry approval step where the (1) accounting period is checked to see if it is open or closed, (2) the accounting classification elements are revalidated, and (3) the control total is checked.	Allotment distribution cannot exceed the control total (e.g., all lines of distribution are added together to ensure they equal the control total).	SMB-25
FM 2.2.2.7	Certify Entry	After the sub-allotment(s) are entered into the system, the transaction must be approved by appropriate personnel.	This step ensures a separation of duties for review and approval of transaction prior to recording in the General Ledger.	TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07 TLE-08
FM 2.2.2.8	Okay to record in the General Ledger?	Determine if the entry has been reviewed and approved by the appropriate personnel.	This step is to verify that the review and approval of the transaction prior to recording in the General Ledger has	SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			taken place.	
FM 2.2.2.9	Record in General Ledger	After the sub-allotment(s) are certified, the transaction is recorded in the General Ledger.	<p>After the entry passes validation edits, the applicable entry is recorded.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A116 To record budgetary authority apportioned by OMB and available for allotment.</p> <p>TFM-A118 To record anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment.</p> <p>Based on system configuration, the sub-allotment can be used for Funds Control.</p> <p><b>Note:</b> This entry would be a reclassification of a higher level accounting classification line to a lower level accounting classification line in USSGL account 4610 – Allotments – Realized Resources. .</p>	GLB-01 GLC-05 GLC-07

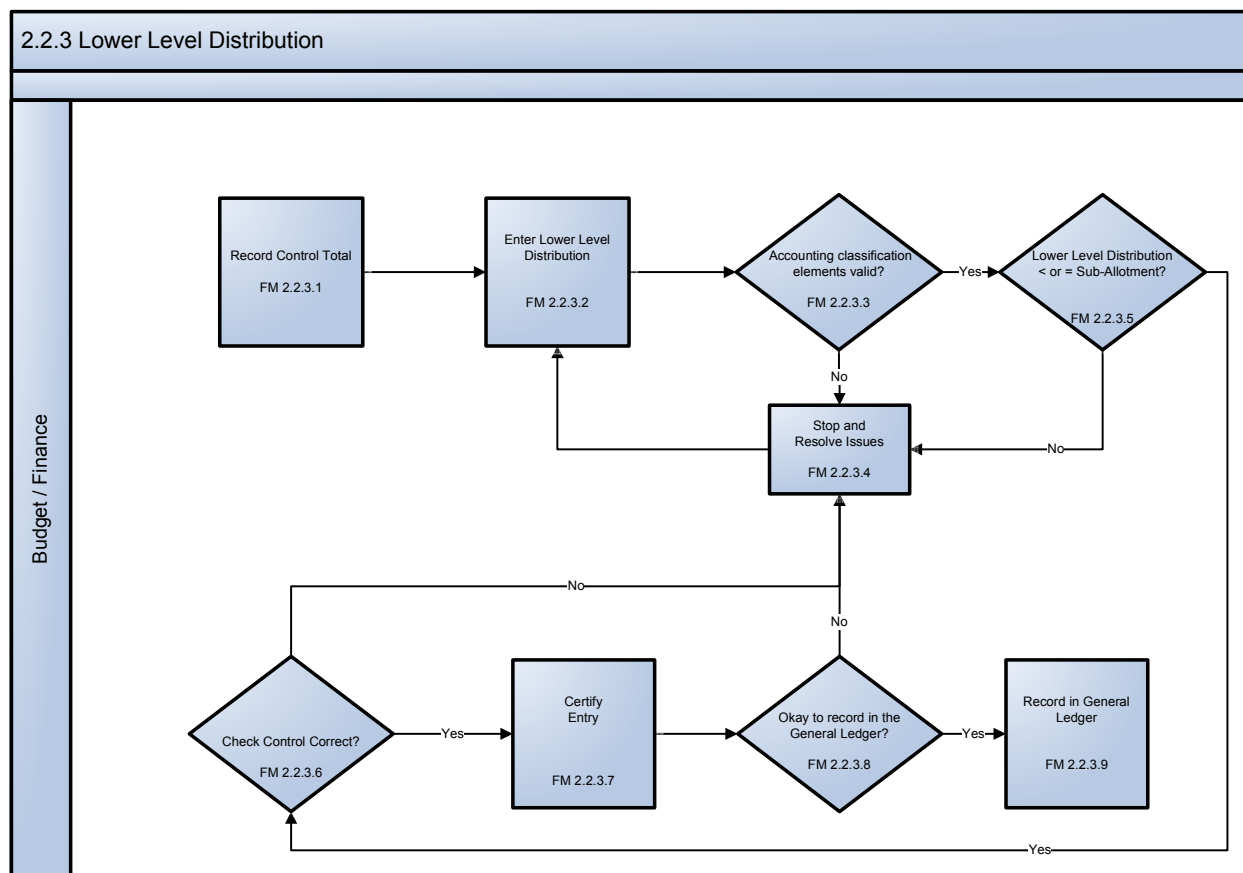


## 2.2.3 LOWER LEVEL DISTRIBUTION

The use of Lower Level Distribution processes allows agencies to maintain tighter administrative controls over obligations as prescribed by the Antideficiency Act. These lower levels of budgetary distribution, which are referred to as allocations, sub-allocations, allowances, sub-allowances, and spending/operating plans, are often based on program, projects, or organization/office. The recording of lower level distributions of resources is prescribed in an agency's policies and regulations for Funds Control.

**Note:** "Certify" as used in this process is defined as "review and approve".

## FM 2.2.3 – Lower Level Distribution Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Lower Level Distribution process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.2.3.1	Record Control Total	<p>Enter control total from the Administrative, Budget and/or Program Office. This process should start with the allotment posting entries.</p> <p>The control total is often at the header level of the record and is established to validate the line level entries.</p>	Enter control total, then distribute to lower levels as necessary.	FMD-01 SMB-25
FM 2.2.3.2	Record Lower Level Distribution	Official requests (i.e., appropriate advice) create a lower level distribution.	The amount recorded is based upon allotment pools from referenced lower level distribution advice (i.e., second level of organization).	FMD-01 FMD-03
FM 2.2.3.3	Accounting classification elements valid?	Reference appropriate accounting classification elements.	Verify combinations of accounting classification elements are valid and active.	CGAC Compliance  SMA-03 SMB-11 SMB-12 SMB-13 SMB-30 SMC-09
FM 2.2.3.4	Stop and Resolve Issues	<p>If the accounting classification elements are not valid, the Business Unit must resolve the issue.</p> <p>If the amount is greater than or equal to the Sub-Allotment, Budget/Finance must resolve the issue.</p> <p>If allotment</p>	Designated personnel resolve applicable issues in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR, agency policies and procedures).	SMA-05 SMA-06 FMD-05 SMB-16 SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		<p>distribution does not equal the control total, Budget/Finance must resolve the issue.</p> <p>If it is determined that the entry is not ready to be recorded in the General Ledger, Budget/Finance must resolve the issue.</p>		
FM 2.2.3.5	Lower Level Distribution less than or equal to the Sub-Allotment?	Determine if the lower level distribution amount is less than or equal to the sub-allotment. This is the Antideficiency check.	Ensure that this lower level distribution and other allowances do not exceed sub-allotment.	
FM 2.2.3.6	Control Total Correct?	Determine if the lower level distribution is equal to the control total. This is the entry approval step where the (1) accounting period is checked to see if it is open or closed, (2) the accounting classification elements are revalidated, and (3) the control total is checked.	Lower level distribution cannot exceed the control total (e.g., all lines of distribution are added together to ensure they equal the control total).	SMB-25
FM 2.2.3.7	Certify Entry	After the lower level distribution(s) are entered into the system, it has to be approved by appropriate personnel.	This step ensures a separation of duties for review and approval of transactions prior to recording in the General Ledger.	TLE-01 TLE-02 TLE-03 TLE-04 TLE-06 TLE-07 TLE-08
FM 2.2.3.8	Okay to record in the General Ledger?	Determine if the entry has been reviewed and approved by the appropriate personnel.	This step is to verify that the review and approval of the transaction prior to recording in the	SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			General Ledger has taken place.	
FM 2.2.3.9	Record in General Ledger	After the lower level distribution(s) are certified, the transaction is recorded in the General Ledger.	<p>After the entry passes validation edits, the applicable entry is recorded.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A116 To record budgetary authority apportioned by OMB and available for allotment.</p> <p>TFM-A118 To record anticipated resources apportioned but not available for use until they are realized for anticipated resources in programs subject to apportionment.</p> <p>Based on system configuration, the sub-allotment can be used for Funds Management.</p>	GLB-01 GLC-05 GLC-07

## 2.3 FUNDS CONTROL PROCESS

The funds control process validates and verifies the availability of funds for spending transactions, (e.g., commitments, obligations and expenditures). The requisition document from the agency's acquisition system will initiate creation of a commitment in the agency's financial system. Although OMB Circular A-11 addresses the authority to incur obligations and expenditures (the outlay of the obligation), a commitment is an "administrative reservation of allotted funds in anticipation of an obligation" and therefore does draw down on fund balances, similar to obligations and expenditures. However, an agency is responsible for keeping appropriate fund balances, as well as the balances for commitments, obligations and expenditures, to ensure accurate and timely verification and reporting of available funding.

OMB Circular A-11, Appendix H – Checklist For Fund Control Regulations stipulates that the following steps be addressed in an agency's policy that states the regulations under which basic fund control principles and concepts will be put into operation:

- Establish a policy with regard to the administrative control of funds;
- Prescribe a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in each appropriation or fund account;
- Restrict both obligations and expenditures from each appropriation or fund account to the lower of the amount of apportionments made by OMB or the amount available for obligation and/or expenditure in the appropriation or fund account;
- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment, the allotment or sub-allotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency; and
- Provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act. An agency is responsible for establishing a policy for administrative control of Funds.

Please see OMB Circular A-11, Appendix H – Checklist for Fund Control Regulations for additional guidance.

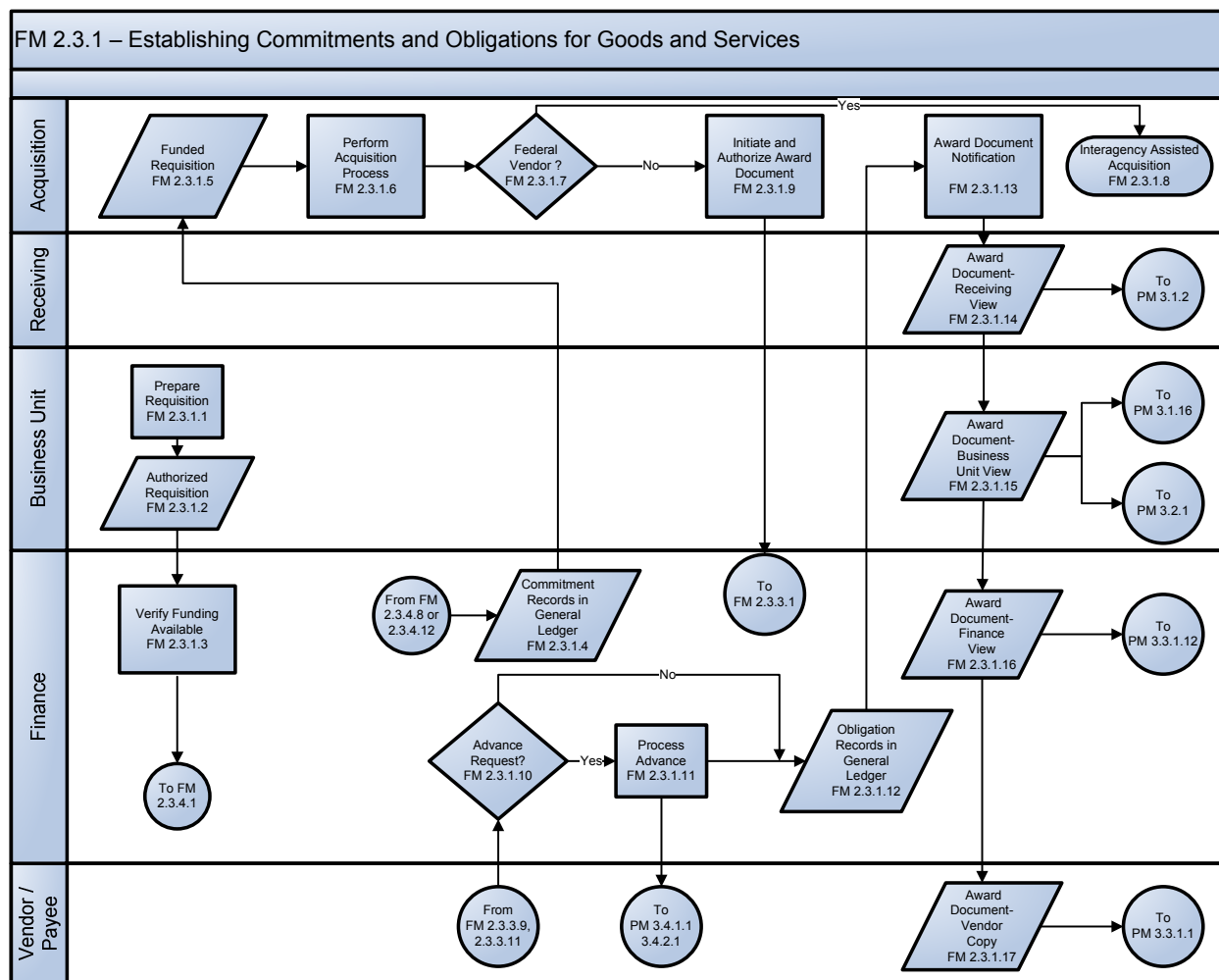
**Note:** In addition, the agency also must establish the level at which funds management will be verified and validated, e.g., once allotments and any lower level distributions of funding have been completed, the active accounting classification elements at which available funding will be checked must be established both as a part of the current year's funding internal controls and in the Core Financial System to enable proper editing.

## **2.3.1 ESTABLISHING COMMITMENTS AND OBLIGATIONS FOR GOODS AND SERVICES**

The establishment of commitments and obligations for goods and services result in outputs to the accounts payable and invoicing processes. The requisition document from the agency's acquisition system will initiate creation of a commitment in the agency's financial system. Vendor maintenance that may be associated with requisitions, commitments, and obligations is not within the scope of this chapter.

The steps contained in the flowchart below describe the procedures necessary to prepare an obligation that has a prior commitment. Please note that the "Verify Funding Available" step included in the flowchart is the trigger point for the Funds Validation and Verification flows (2.3.4 and 2.3.5).

## FM 2.3.1 – Establishing Commitments and Obligations for Goods and Services Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.



The Funds Management process steps Establish Commitments and Obligations for goods and services are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.1.1	Prepare Requisition	Personnel authorized by the Business Unit prepare a requisition for purchase of goods or services to fulfill a bona fide need for acquisition.	<p>Authorized personnel who are designated as requisitioners should be the only personnel assigned authority within the system to initiate a requisition.</p> <p>This designated requisition personnel enters required information on the requisition including the following:</p> <ul style="list-style-type: none"> <li>• Suggested or recommended vendors, as applicable (or a justification for a specific vendor)</li> <li>• When the goods or services are needed</li> <li>• For services, the necessary period of performance</li> <li>• An estimate of the cost to procure the goods or services</li> <li>• Appropriate accounting classification elements</li> <li>• Point of contact information for the agency official(s) ordering and/or receiving the goods or services</li> </ul>	<p>CGAC Compliance</p> <p>FME-19</p>
FM 2.3.1.2	Authorized Requisition	<p>The requisition is reviewed and validated by a designated official.</p> <p>The output is an authorized requisition.</p>	<p>The requisition is reviewed to ensure the data entered matches the requisition supporting documentation.</p> <p>This designated requisition personnel signs the form (preferably electronically) to authorize the request.</p> <p>An agency may define certain types and/or amounts of acquisition requests (e.g., property, information technology), for which the</p>	TLE-03

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>requisition must be authorized by an additional person or persons with applicable supervisory or managerial authority.</p> <p>Personnel with the appropriate authority must review the accounting classification elements, including the Treasury Account Symbol and Business Event Type Code (TAS-BETC).</p> <p>Capital assets should be identified during the requisition phase of the Payment Management chapter.</p> <p>A manager with funding authority reviews and electronically authorizes the commitment of funds for the requisition. This occurs as part of step FM 2.3.1.3, "Verify Funding Available"</p>	
FM 2.3.1.3	Verify Funding Available	The Core Financial System (Core Financial System) checks whether funding is available to commit funds from applicable budgetary resources. This process is executed by performing the applicable steps in FM 2.3.4 (Unexpired Funds Validation and Verification) as referenced on the flowchart.	The system certifies availability of required funding prior to committing budgetary resources.	FME-01 SMB-11 SMB-12 SMB-13 SMC-09
FM 2.3.1.4	Commitment Records in General Ledger	After the requisition is entered into the system and approved by appropriate personnel, funds are checked and a	<p>The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not</p>	FME-02 FME-03 FME-08 FME-12 GLB-01 GLC-01

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		commitment transaction is recorded in the General Ledger.	<p>limited to, the following transaction codes from the current TFM:</p> <p>TFM-B302 To record a commitment of unobligated amounts in programs subject to apportionment.</p> <p>TFM-B304 To record a commitment of unobligated balances in programs exempt from apportionment.</p>	GLC-05 GLC-06
FM 2.3.1.5	Funded Requisition	The funded requisition is automatically routed to the Acquisition Office.	<p>Acquisition Office officials who have completed standardized training programs are certified to act as purchasing agents on behalf of the agency and have been granted access to the agency's Acquisition System. These qualified Acquisition officials may be referred to as a Contracting Officer's Technical Representative (COTR) or a Contracting Officer's Representative (COR).</p> <p>Upon receipt of a requisition, the Acquisition official reviews it to determine whether it has been appropriately completed and authorized.</p> <p>If the Acquisition official notes errors or omissions in the requisition, it is returned to the Business Unit to be corrected and resubmitted.</p>	TLE-07
FM 2.3.1.6	Perform Acquisition Process	Once the contractor has been chosen, an Acquisition official prepares the award documents (such as contracts, purchase orders, and delivery orders). Although	<p>Acquisition performs the procurement process in accordance with applicable regulations (e.g., FAR, agency guidelines).</p> <p>Federal (intragovernmental) buy and sell transactions will be</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		multiple steps comprise this part of the process, such steps are beyond the scope of this document.	included in a future release of the Standard Business Process document.	
FM 2.3.1.7	Federal Vendor?	The contractor/vendor is identified as either a federal or non-federal vendor.		SMC-01 PMA-01
FM 2.3.1.8	Interagency Assisted Acquisition	Applicable procedures are performed to acquire goods/services through the assistance of another agency or agencies.	<p>Goods/services to be acquired via an interagency assisted acquisition, are subject to the procedures and responsibilities outlined in the OMB Office of Federal Procurement Policy (OFPP) Interagency Acquisition Memo.</p> <p>An interagency acquisition is the term used to describe the process by which one agency (requesting agency), uses the contracts and/or contracting services of other agencies (servicing agencies) to obtain supplies and services.</p>	
FM 2.3.1.9	Initiate and Authorize Award Document	The Acquisition official prepares and authorizes an electronic award document.	<p>Vendors must be registered in the Central Contractor Registration (CCR) database except for contracts and agreements identified in FAR Volume I, Part 4, Subpart 4.11.</p> <p>A unique obligation number is assigned to the award document. The number must reference the commitment number.</p> <p>The obligation number, document ID, and accounting classification elements must be included in the obligation data maintained in the General Ledger and subsidiary ledger.</p>	FME-01 FME-21 PMA-01 PMA-02 PMA-04 PMA-05 PMA-06 PMA-07 PMA-08 PMA-09 PMA-10 PMA-15 PMA-16 PMA-17 SMA-01 SMB-01 SMB-03 SMB-08

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>An award document must not be routed to end-users until an obligation is recorded in the General Ledger and subsidiary ledger. Once the Acquisition official prepares and authorizes the award document, funds checks are performed in the Core Financial System to determine whether required funding is available for each line item of the obligation.</p> <p>The requested obligation amounts are subjected to tolerance checks against the referenced commitment(s).</p>	SMB-24 SMC-01
FM 2.3.1.10	Advance Request?	The agency determines whether an advance has been properly requested on the obligation.	The agency must follow FAR requirements and agency policies and procedures for the issuance of advances. FAR Volume I, Part 32, Subparts 200 through 207, provides regulations for commercial item purchase financing.	
FM 2.3.1.11	Process Advance	An advance request is processed and warehoused for payment.		FME-02 FME-29 SMC-02
FM 2.3.1.12	Obligation Records in General Ledger	An obligation is recorded in the General Ledger.	<p>Once an obligation document passes funding and tolerance checks, it is recorded in the General Ledger and the appropriate amount of the commitment is liquidated.</p> <p>This designated business unit requisition person is notified electronically of the approved order and obligation.</p> <p>The entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p>	FME-02 FME-08 FME-12 GLB-01 GLC-01 GLC-05 GLC-06 SMC-02 TLE-07

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B306 To record current-year undelivered orders without an advance.</p> <p>TFM-B308 To record current-year undelivered orders with an advance.</p> <p>TFM-B310 To record a current-year undelivered order without an advance where the commitment is more than the undelivered order for commitments in programs subject to apportionment.</p> <p>TFM-B312 To record a current-year undelivered order without an advance where the commitment is more than the undelivered order for commitments in programs exempt from apportionment.</p> <p>TFM-B314 To record a current-year undelivered order without an advance where the commitment is less than the undelivered order for commitments in programs subject to apportionment.</p> <p>TFM-B316 To record a current-year undelivered order without an advance where the commitment is less than the undelivered order for commitments in programs exempt from apportionment.</p>	
FM 2.3.1.13	Award Document Notification	Notification of the system-generated award document is provided to the	The document must be available to applicable offices that perform the receipt, acceptance, and invoice processing activities as	TLE-07

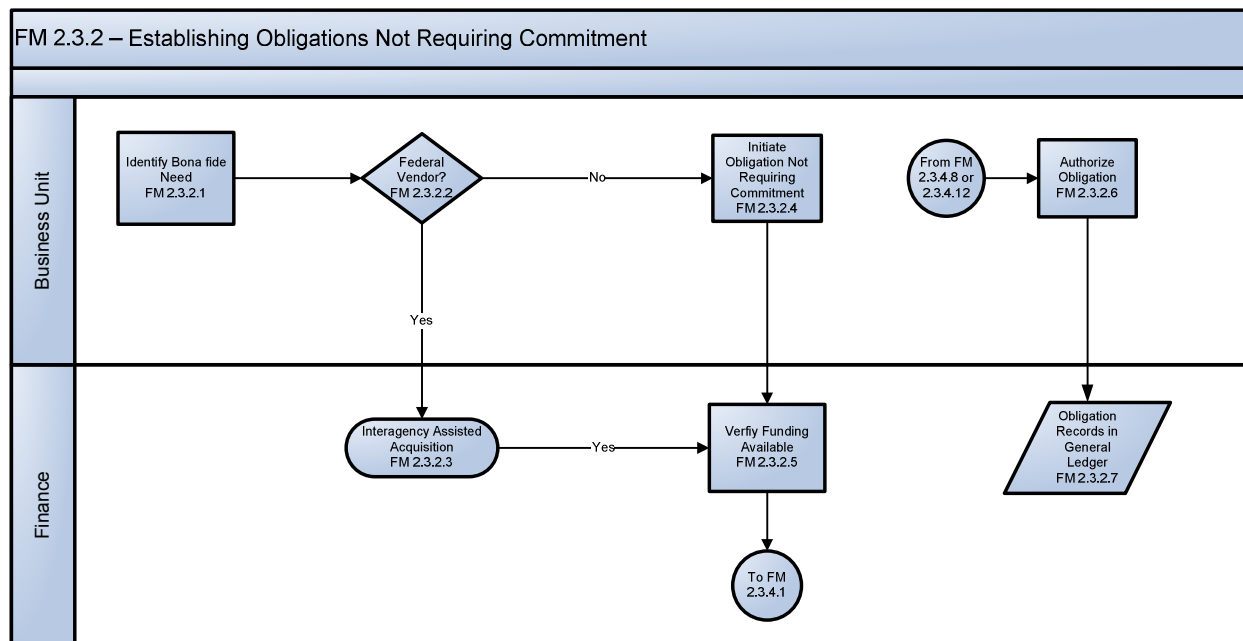
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		Receiving, Business Unit, and Finance functional areas of the agency and to the vendor/payee.	well as the vendor/payee.  The award document copy should include at a minimum, but is not limited to, the obligation number, line item information, accounting classification elements, TAS, applicable vendor information, and contract terms.	
FM 2.3.1.14	Award Document- Receiving View	The Receiving view includes information applicable to the Receiving functions.	The Core Financial System must enable access to the Receiving view of the award document to applicable authorized personnel.  A view does not represent physical storage, but the ability to view a particular segment of stored data.	TLF-01 TLH-03
FM 2.3.1.15	Award Document- Business Unit View	The Business Unit view includes information applicable to the Business Unit functions.	The Core Financial System must enable access to the Business Unit view of the award document to applicable authorized personnel.  A view does not represent physical storage, but the ability to view a particular segment of stored data.	TLF-01 TLH-03
FM 2.3.1.16	Award Document- Finance View	The Finance view includes information fields applicable to the Finance functions.	The Core Financial System must enable access to the Finance view of the award document to applicable authorized personnel.  A view does not represent physical storage, but the ability to view a particular segment of stored data.	TLF-01 TLH-03
FM 2.3.1.17	Award Document- Vendor Copy	The Vendor Copy includes information applicable to the vendor's legal obligation to provide goods and services to the agency.	The vendor copy of the award document is sent to the vendor/payee.  A view does not represent physical storage, but the ability to view a particular segment of stored data.	

## 2.3.2 ESTABLISHING OBLIGATIONS NOT REQUIRING COMMITMENT

Obligations not requiring commitment refers to those events, such as training and travel, which do not require commitment accounting. Agencies should have policies in place that delineate the types of obligations that can be made without commitment accounting.

The steps contained in the flowchart below describe the procedures necessary to prepare an obligation without a prior commitment. Please note that the “Verify Funding Available” step, which is included on the flowchart, is the trigger point for the Funds Validation and Verification flows (2.3.4 and 2.3.5).

### ***FM 2.3.2 – Establishing Obligations Not Requiring Commitment Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.



The Funds Management Establishing Obligations not Requiring Commitments process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.2.1	Identify Bona fide Need	The Business Unit official has a bona fide need for a properly incurred expense not requiring commitment accounting and generates an obligation in the system based on data entered to record the goods, services, grant or cooperative agreement.	Agencies should implement policies and procedures describing which type of obligations may be made without commitment accounting.	FME-21 FME-24 PMA-01 PMA-02 PMA-04 PMA-05 PMA-06 PMA-07 PMA-08 PMA-09 PMA-10 PMA-16 PMA-17 SMA-01 SMB-01 SMB-22 SMB-24
FM 2.3.2.2	Federal Vendor?	<p>The contractor/vendor is identified as either a federal or non-federal vendor.</p> <p>Federal (intragovernmental) buy and sell transactions will be included in a future release of the Standard Business Process document.</p>		SMC-01 PMA-01

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.2.3	Interagency Assisted Acquisition	Applicable procedures are performed to acquire goods/services through the assistance of another agency or agencies.	<p>Goods/services to be acquired via an interagency assisted acquisition are subject to the procedures and responsibilities outlined in the OMB Office of Federal Procurement Policy (OFPP) Interagency Acquisition Memo.</p> <p>An interagency acquisition is the term used to describe the process by which one agency (requesting agency), uses the contracts and/or contracting services of other agencies (servicing agencies) to obtain supplies and services.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.2.4	Initiate Obligation Not Requiring Commitment	The Business Unit official prepares the order for goods and services not requiring commitment.	<p>A unique obligation number is assigned to the obligation document recorded.</p> <p>The obligation number, document ID and accounting classification elements must be included in the obligation data maintained in the General Ledger and subsidiary ledger.</p> <p>The Core Financial System must prevent new obligations to inactive or debarred vendors or vendors with expired CCR registrations.</p> <p>An agency may develop and implement policies and procedures to determine threshold amounts under which acquisitions may be made without requiring the recording of commitments.</p>	FME-21 FME-24 PMA-01 PMA-02 PMA-04 PMA-05 PMA-06 PMA-07 PMA-08 PMA-09 PMA-10 PMA-16 PMA-17 SMA-01 SMB-01 SMB-22 SMB-24
FM 2.3.2.5	Verify Funding Available	The Core Financial System checks whether funding is available to obligate funds from applicable budgetary resources. This process is executed by performing the applicable steps in FM 2.3.4 (Unexpired Funds Validation and Verification) as referenced on the flowchart.	<p>Once the Acquisition official electronically prepares the obligating document, funds checks are performed in the Core Financial System to determine whether required funding is available for each line item of the obligation.</p> <p>The system certifies availability of required funding prior to obligating budgetary resources.</p>	FME-01

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.2.6	Authorize Obligation	A request for authorization is electronically routed to the appropriate individual within the Business Unit to authorize the obligation.	Another official within the Business Unit must review the obligation to ensure it is authorized and valid.	TLE-01
FM 2.3.2.7	Obligation Records in General Ledger	An obligation is recorded in the General Ledger.	<p>Once an obligating document passes funding and tolerance checks, it is recorded in the General Ledger.</p> <p>Entries are recorded using USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B306 To record current-year undelivered orders without an advance.</p> <p>TFM-B308 To record current-year undelivered orders with an advance.</p>	FME-02 FME-08 FME-12 GLB-01 GLC-01 GLC-05 GLC-06



The Funds Management Funds Check Prior to Obligation process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.3.1	Obligation Amount Equal to Commitment?	The amount of the pending obligation is compared to the amount of the applicable commitment to determine if the obligation is equal to the commitment recorded in the Core Financial System.	Once the Core Financial System determines a commitment exists related to this obligation, it determines if the obligation amount equals the commitment amount.	FME-02 SMB-03 SMC-02 SMC-08
FM 2.3.3.2	Obligation Amount Less than the Commitment?	The amount of the pending obligation is compared to the amount of the applicable commitment to determine if the obligation amount requested is less than the commitment recorded in the Core Financial System.	If the obligation amount is not equal to the commitment amount, determine if the obligation amount requested is less than the commitment recorded in the Core Financial System.	FME-02 SMB-03 SMC-02 SMC-08
FM 2.3.3.3	Pass Tolerance Check?	The amount by which an obligation exceeds a commitment is compared line item by line item to pre-determined tolerance levels for quantities and prices of goods or services.	Agencies set tolerance levels in accordance with applicable rules, regulations, and agency guidelines (e.g. FAR, agency policy and procedures).	SMB-19 SMB-20
FM 2.3.3.4	Resolve Issue	Designated personnel perform applicable actions to resolve the funding issue.	Designated personnel resolve funding issues in accordance with applicable rules, regulations, and agency guidelines.  If funding is not made available, the obligation request is rejected.	FMD-05 SMB-16 SMB-18 SMC-09
FM 2.3.3.5	Issue Resolved?	If the amount of the obligation request exceeds the tolerance level within the Core Financial System and/or funds are not available, research must	The Core Financial System should route the funding issues to applicable authorized personnel who will either discontinue the transaction or make funds	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		be performed to identify and resolve the funding issue.	available.	
FM 2.3.3.6	Reject Obligation Request	If the issue is not resolved, the obligation request is rejected.	Agencies should designate applicable personnel to monitor obligation requests, which fail to pass funds checks and reject such requests as required.	SMB-18
FM 2.3.3.7	Generate Message for Business Unit and Acquisition	Following the rejection of the obligation request, a message is generated for the Business Unit and Acquisition Office.	The message should be initiated electronically once the obligation request is rejected.	TLE-07 TLE-08
FM 2.3.3.8	Notification Sent to Business Unit/Acquisition Office	Notification is sent to the Business Unit/Acquisition Office of the rejected obligation.	The message should be electronically routed to applicable personnel within the Business Unit and Acquisition Office (e.g., requisitioner, acquisition official).	TLE-07 TLE-08
FM 2.3.3.9	Is this the Final Obligation on this Commitment?	Determine if this is the last obligation to be made from this commitment.	The Core Financial System should check whether funds will remain on the commitment based upon whether the requisitioner has indicated in the system that remaining funds should be de-committed.	
FM 2.3.3.10	Liquidate Portion of Commitment that is Obligated	The portion of the commitment applicable to the obligation is liquidated.	<p>The agency must liquidate the commitment by posting entries to the Core Financial System using the USSGL Account Transaction Listing in the current TFM. The agency reverses (only for the portion of the commitment that is obligated) the previously identified (FM 2.3.1.4, Commitment Records in General Ledger) entries.</p> <p>Examples include but are not limited to, the</p>	SMC-02

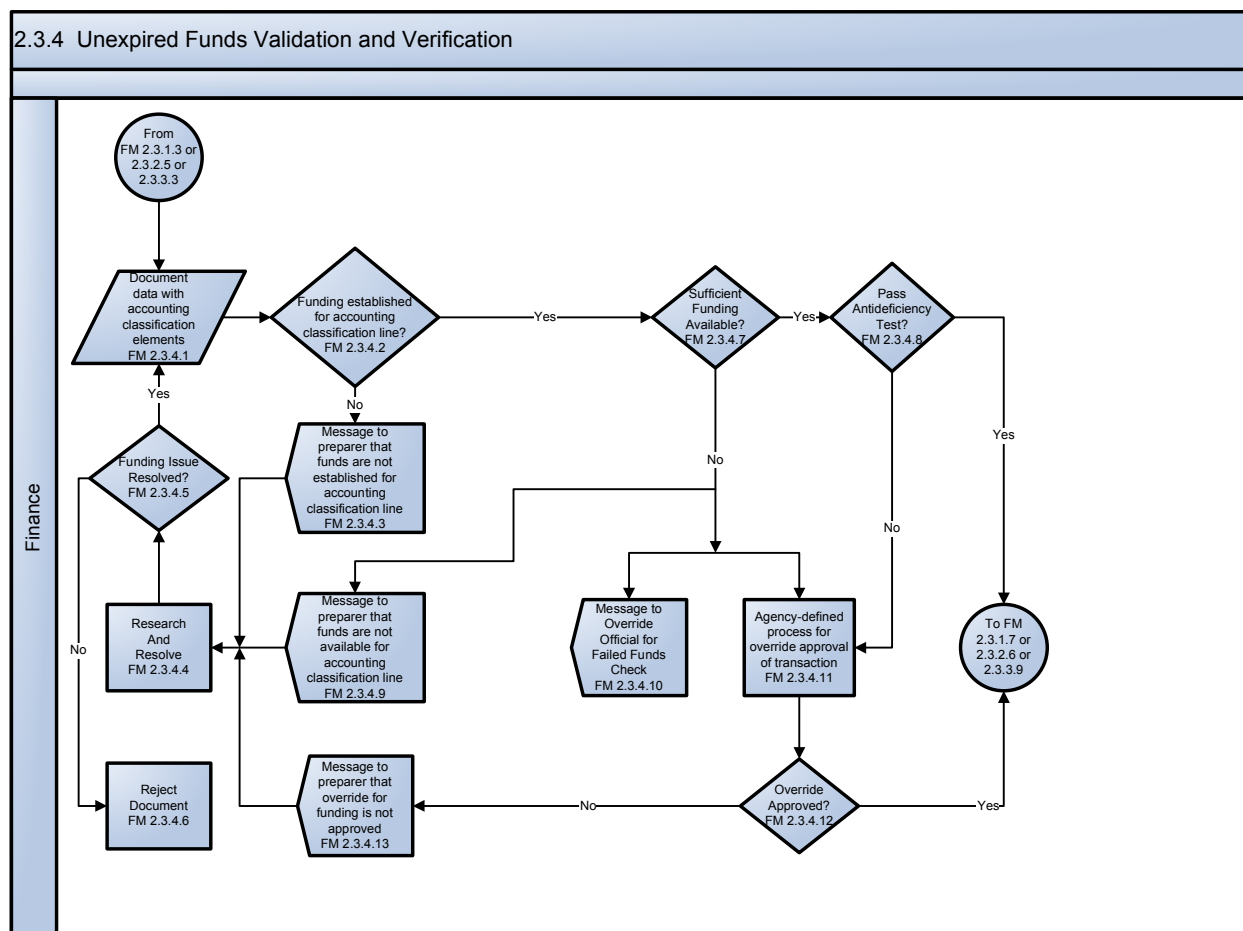
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>following transaction codes from the current TFM:</p> <p>TFM-B302 To record a commitment of unobligated amounts in programs subject to apportionment.</p> <p>TFM-B304 To record a commitment of unobligated balances in programs exempt from apportionment.</p>	
FM 2.3.3.11	Entire Commitment Liquidated in the General Ledger	If the obligation and commitment are equal or if the obligation has been identified as the final one to be made against the commitment, the entire commitment or remaining amount is liquidated in the General Ledger.	<p>The agency reverses the previously identified (FM 2.3.1.4, Commitment Records in General Ledger) transaction codes from the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B302 To record a commitment of unobligated amounts in programs subject to apportionment.</p> <p>TFM-B304 To record a commitment of unobligated balances in programs exempt from apportionment.</p>	



## 2.3.4 UNEXPIRED FUNDS VALIDATION AND VERIFICATION

Unexpired funds refer to balances, which are still available under the agency's spending authority. As prescribed in OMB Circular A-11, Agencies are responsible for keeping appropriate fund balances, including the balances for commitments, obligations and expenditures, to ensure accurate and timely verification and reporting of available funding. The Unexpired Funds Validation and Verification process describes the steps required to validate and verify the availability of unexpired funds for spending transactions.

### ***FM 2.3.4 – Unexpired Funds Validation and Verification Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Unexpired Funds Validation and Verification process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.4.1	Document data with accounting classification elements	The document represents the detailed account distribution, including appropriate accounting classification elements to be submitted for funds availability verification.	Combinations of accounting classification elements must be valid and active.	SMB-21
FM 2.3.4.2	Funding established for accounting classification line?	Verification that an Allotment or any lower level distribution was made to the Allotment pool indicated by the account distribution (accounting classification line) and the established level of Funds Control as established by the agency as per Appendix H of OMB Circular A-11.	<p>An agency is responsible for establishing a policy for administrative control of Funds.</p> <p>The policy must also address restricting obligations and expenditures from exceeding the lower of the amount of apportionments made by OMB or the amount available for obligation and/or expenditure in the TAFS.</p> <p>See OMB Circular A-11, Appendix H – Checklist For Fund Control Regulations.</p>	FME-01
FM 2.3.4.3	Message to preparer that funds are not established for accounting classification line	Electronic notification to document preparer that funds were never established for the account distribution line.	Business unit to be notified an Allotment or lower level distribution was never established for the accounting classification element specified in the account distribution.	SMB-12 TLE-07 TLE-09
FM 2.3.4.4	Research and Resolve Issues	If funds are not available, the Business Unit will research and resolve the issue.	Designated personnel resolve applicable issues in accordance with applicable rules, regulations, and agency	FMD-05 SMB-16 SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			guidelines.	
FM 2.3.4.5	Funding Issue Resolved?	The appropriate functional area determines if funding issues related to the document can be resolved.	The agency shall resolve funding issues in accordance with agency-established policies and procedures.	SMC-09
FM 2.3.4.6	Reject Document	Documents that do not pass funding validation and verification checks are rejected.	<p>Agencies should designate applicable personnel to monitor documents that fail to pass funds checks and reject such documents.</p> <p>The originator of the document is electronically notified that the document has been rejected due to lack of available funding.</p>	SMB-11 SMB-12 SMB-13 SMB-18 SMC-09
FM 2.3.4.7	Sufficient Funding Available?	Verification that an Allotment or any lower level distribution was made to the ‘funding pool’ as indicated by the account distribution (accounting classification line) and the established level of Funds Control as established by the agency as per Appendix H of OMB Circular A-11.	<p>An agency is responsible for establishing a policy for administrative control of Funds.</p> <p>The policy must also address restricting obligations and expenditures from exceeding <i>the lower of</i> the amount of apportionments made by OMB or the amount available for obligation and/or expenditure in the TAFS.</p> <p>See OMB Circular A-11, Appendix H – Checklist for Fund Control Regulations</p>	FME-01 FME-02 FME-03 FME-04 FME-10
FM 2.3.4.8	Pass Antideficiency Test?	Validation that the amount of funding ‘drawn down’ does not	The agency must verify that the amount of the transaction for the fund	FME-01 FME-10

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		put the TAFS into an Antideficiency condition.	code cited, when added together with any and all other fund codes (if applicable) for the specific TAFS does not exceed the overall amount apportioned by OMB.	
FM 2.3.4.9	Message to preparer that funds are not available for accounting classification line	Electronic notification to document preparer that there are insufficient funds available for the account distribution line.	Business unit to be notified that funds are not available and that the Funds Override Official has been notified.	SMB-12 TLE-07 TLE-09
FM 2.3.4.10	Message to Override Official for Failed Funds Check	Electronic notification to the designated Funds Override Official that there are insufficient funds available for the account distribution line.	<p>As a part of providing OMB with the agency's Funds Control policy and regulations, an appropriate individual is identified who is responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or sub-allotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency.</p> <p>The agency must also provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act.</p>	TLE-07

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			See OMB Circular A-11, Appendix H – Checklist for Fund Control Regulations.	
FM 2.3.4.11	Agency-defined process for override approval of transaction	Process to allow review and, if appropriate, approval for the transaction. This would occur under a CR or other circumstances where the Funds Override Official is aware of additional funding available to cover the transaction amount so as not to put the TAFS into an Anti-deficiency condition.	<p>As a part of providing OMB with the agency's Funds Control policy and regulations, an appropriate individual is identified who is responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment, the allotment or sub-allotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency.</p> <p>The agency must also provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act.</p> <p>See OMB Circular A-11, Appendix H – Checklist for Fund Control Regulations.</p>	SMB-10
FM 2.3.4.12	Override Approved?	If override approval has occurred, the transaction posts to the General Ledger. If override approval has	The agency Funds Override Official must ensure sufficient applicable funding is available prior to	SMC-09

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		not occurred, notification is sent to the Business Unit and the transaction is cancelled.	allowing the transaction to record to the General Ledger.	
FM 2.3.4.13	message to preparer that override for funding is not approved	Electronic notification to document preparer that override approval was not granted.	Business Unit to be notified that funds are not available and that the Funds Override Official has not approved the override transaction.	TLE-07 TLE-08

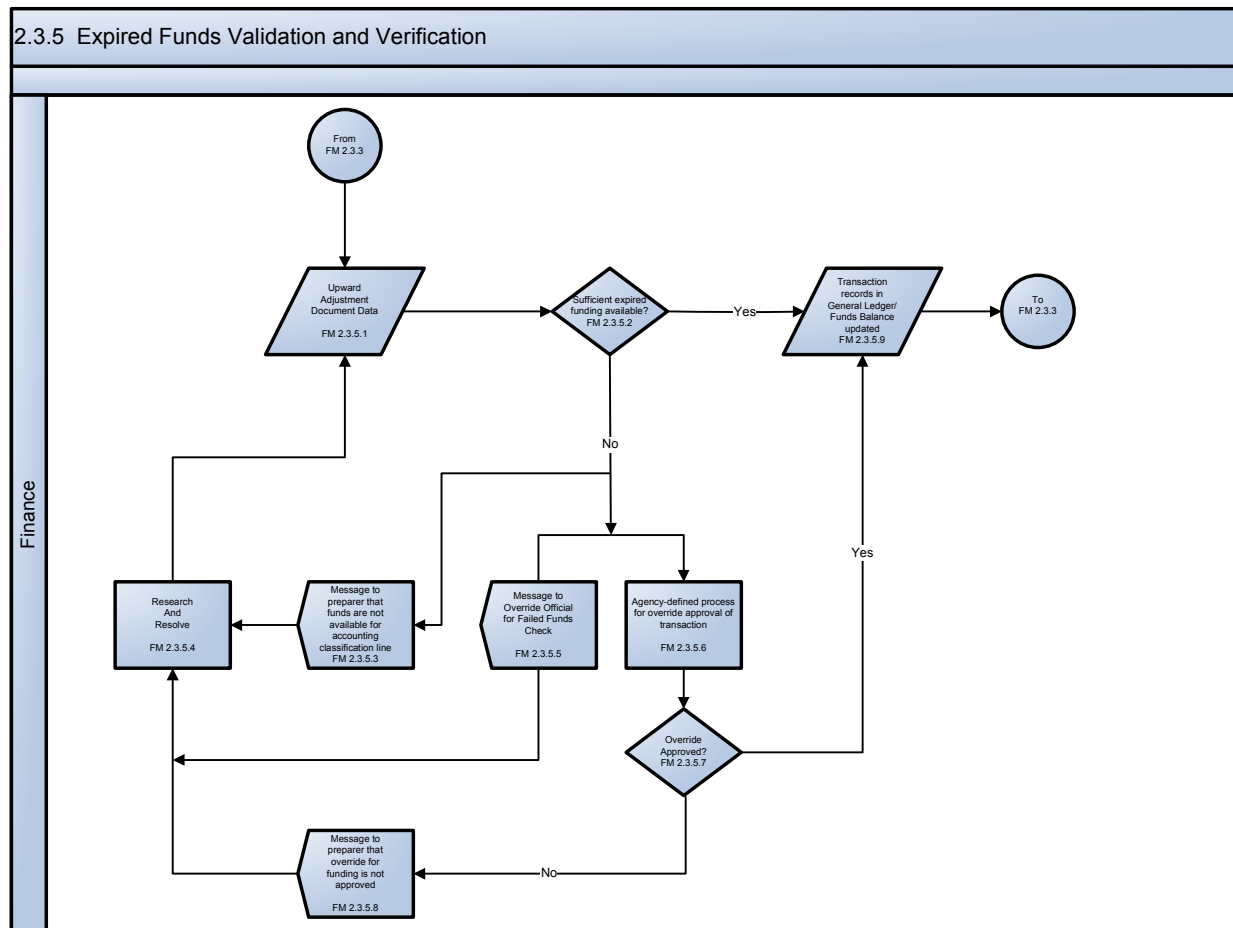
## 2.3.5 EXPIRED FUNDS VALIDATION AND VERIFICATION

Expired funds refer to balances that are no longer available under the agency's spending authority. However, agencies are still responsible for keeping appropriate fund balances for expired funds to ensure accurate and timely verification and reporting of expired/cancelled funding. The process requires validating and verifying the availability of expired funds for the recording of previously unrecorded obligations and/or making legitimate upward adjustments to existing obligations until the expired authority is cancelled and the expired account is closed.

Please see OMB Circular A-11 for additional guidance.

**Note:** Verification of available funding in expired accounts is performed at the fund account or TAFS level as opposed to the detailed Allotment pool or accounting classification line level for the year-end closing entries (e.g., when a fund account expires and rolls up all unobligated balances to USSGL account 4650 Allotments – Expired Authority).

## FM 2.3.5 – Expired Funds Validation and Verification Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart



The Expired Funds Validation and Verification process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
FM 2.3.5.1	Upward Adjustment Document Data	The detailed upward adjustment data to be submitted to funds availability verification.	The detail data from the document being processed and submitted for a funds check.	SMB-21
FM 2.3.5.2	Sufficient expired funding available?	Verification that there is sufficient monies available in the Allotments-Expired Authority account to cover the upward adjustment to an existing obligation.	An agency is responsible for establishing a policy for administrative control of Funds.	FME-02 FME-03 FME-04 FME-10 SMB-11 SMB-12 SMB-13 SMC-09
FM 2.3.5.3	Message to preparer that funds are not available for accounting classification line	Electronic notification to document preparer that there are insufficient funds available for the account distribution line.	Business Unit to be notified that funds are not available and that the Funds Override Official has been notified.	TLE-07 TLE-08
FM 2.3.5.4	Research and Resolve Issues	If funds are not available, the Business Unit will research and resolve the issue.	Designated personnel resolve applicable issues in accordance with applicable rules, regulations, and agency guidelines.	FMD-05 SMB-16 SMC-09
FM 2.3.5.5	Message to Override Official for Failed Funds Check	Electronic notification to the designated Funds Override Official that there are insufficient funds available for the account distribution line.	As a part of providing OMB with the agency's Funds Control policy and regulations, an appropriate individual is identified who is responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment, the allotment or sub-allotments made by the agency, any statutory limitations, and any	TLE-07 TLE-08

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>other administrative subdivision of funds made by the agency.</p> <p>The agency must also provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act.</p> <p>See OMB Circular A-11, Appendix H - Checklist for Fund Control Regulations.</p>	
FM 2.3.5.6	Agency-defined process for override approval	<p>Process to allow review and, if appropriate, approval for the transaction. This would occur under a CR or other circumstances where the Funds Override Official is aware of additional funding available to cover the transaction amount so as not to put the TAFS into an Antideficiency condition.</p>	<p>As a part of providing OMB with the agency's Funds Control policy and regulations, an appropriate individual is identified who is responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment, the allotment or sub-allotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency.</p> <p>The agency must also provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative</p>	TLE-01

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			subdivision of funds that are not violations of the Antideficiency Act  See OMB Circular A-11, Appendix H - Checklist for Fund Control Regulations	
FM 2.3.5.7	Override Approved?	If override approval has occurred, the transaction posts to the General Ledger. If override approval has not occurred, notification is sent to the Business Unit and the transaction is cancelled.	The agency Funds Override Official must ensure sufficient applicable funding is available prior to allowing the transaction to record to the General Ledger.	SMB-18
FM 2.3.5.8	Message to preparer that override for funding is not approved	Electronic notification to document preparer that override approval was not granted.	Business Unit to be notified that funds are not available and that the Funds Override Official has not approved the override transaction.	TLE-07 TLE-08
FM 2.3.5.9	Transaction records in General Ledger/Funds Balance updated	The transaction is recorded in the General Ledger.	The transaction is recorded in the General Ledger. At the same time, the appropriate funds balances are also updated thereby keeping the balances in line with the General Ledger.  Examples include, but are not limited to, the following transaction codes from the current TFM:  TFM-D126 To record an upward adjustment to prior-year paid delivered orders.	FME-02 FME-04 FME-08 FME-10 FME-12 GLB-01 GLC-01 GLC-04 GLC-05 GLC-06 GLD-01 GLD-02 GLD-03 GLD-04 GLD-05 GLD-06 GLD-07 SMC-02

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			TFM-D106 To record an upward adjustment of prior-year unpaid delivered orders and to accrue additional liability when the adjustment is not recorded as a prior-period adjustment (USSGL account 7400 or 7401). The authority has expired.	

# Payment Management Processes

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## 3.0 PAYMENT MANAGEMENT PROCESSES

An effective payment management process ensures payments to vendors are done so in a timely manner ensuring good stewardship of government funds. Under the Prompt Payment Act, agencies are required to practice effective cash management practices in the payment for goods and services to ensure that invoices are paid within seven (7) days of their payment due dates and interest penalties for late payments are avoided. Agencies must also have proper controls in place for monitoring any interest penalties paid and implementing corrective actions where necessary.

In addition to the Prompt Payment Act, Chapter 52.232-25—*Prompt Payment* of the Federal Acquisition Regulation (FAR) establishes the contractual requirement between Federal agencies and vendors for prompt payment of invoices, including the notification process for invoice defects. Late payment interest is calculated based on the rate established by the Secretary of the Treasury and published semi-annually via the *Federal Register*.

All vendors, including sole proprietors, corporations, partnership, and governmental organizations, are required to register in the Central Contractor Registration (CCR), which is the primary registrant database for the Federal government. Through validation of registrant information, CCR shares the data with agencies' finance office and facilitates the electronic funds transfer (EFT) process.

Included in this chapter are key steps in the processes from requisition to payment for commercial contracts and small acquisitions disbursed by Treasury. Although this chapter focuses on payment requests that are the result of vendor invoices, it must be noted that there are several other payment request types including, but not limited to, grants, employee reimbursements, employee awards and payroll. The flowcharts and process steps for the Payment Management processes detailed in this chapter are:

- PM 3.1 – Receipt and Acceptance of Goods. This section describes the procedures necessary for the inspection, receipt, acceptance and return of goods.
- PM 3.2 – Receipt and Acceptance of Services. This section describes the process for the receipt and acceptance of services.
- PM 3.3 – Accounts Payable and Invoicing Processes
  - PM 3.3.1 Invoice Entry. This section describes the process for entering an invoice into the Core Financial System and matching the required supporting documentation. Also included are related accounting entries and the steps to ensure proper approval and verification of an invoice.

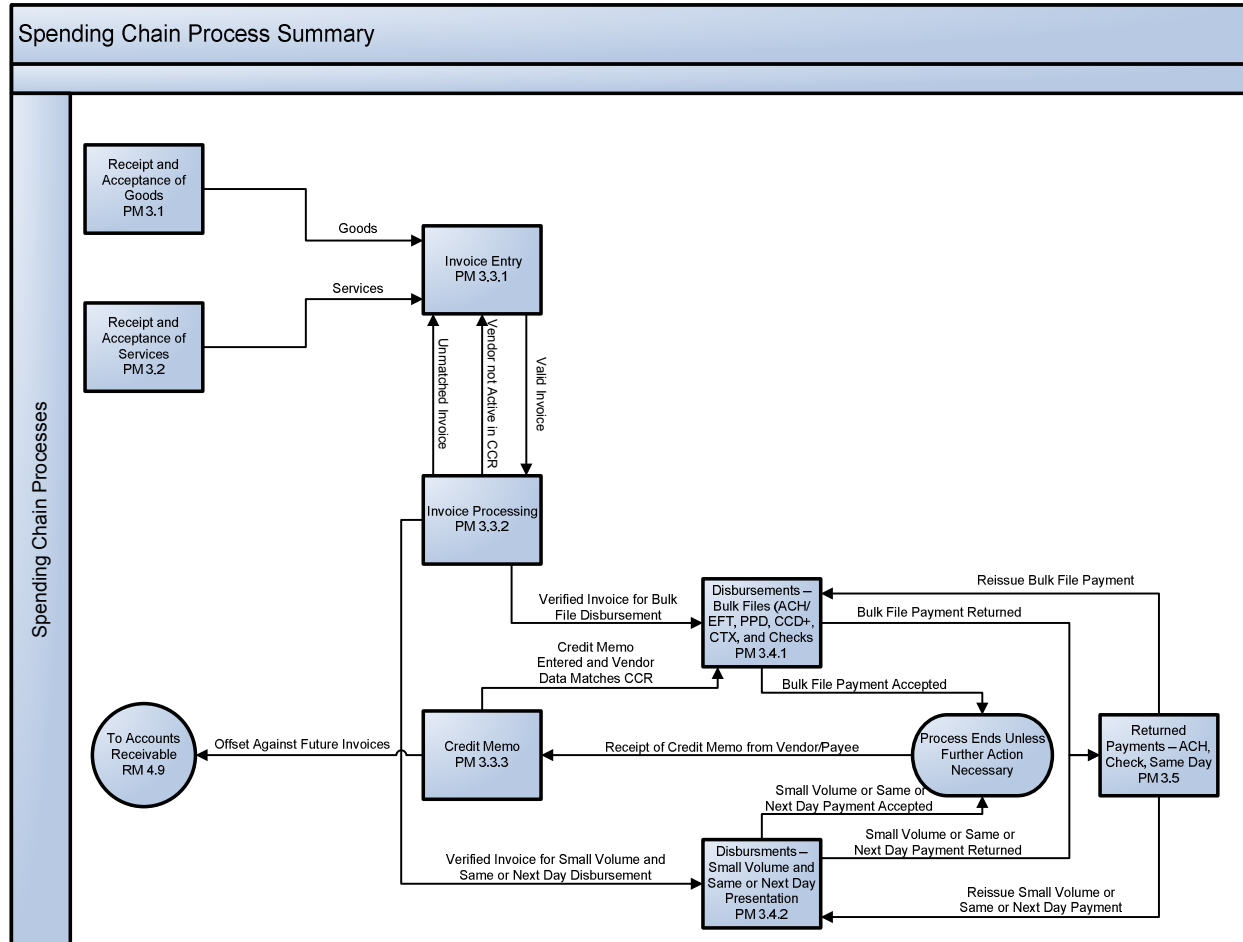
- PM 3.3.2 Invoice Processing. This section describes the steps associated with processing an invoice in the Core Financial System. Also included are related accounting entries and the steps to ensure proper approval and verification of an invoice.
- PM 3.3.3 Credit Memo. This section describes the steps associated with processing a credit memorandum. Credit memos are warehoused and offset against outstanding invoices. The payment is processed when the amount of the invoice or invoices exceed the credit memo balance.
- PM 3.4 – Disbursements
  - PM 3.4.1 Disbursements for Bulk Files (ACH/EFT, CCD, CCD+, CTX, and Checks). This section depicts the actions performed from the warehousing of a bulk file through payment to a payee. Key steps include submitting the bulk file to Treasury, certification of payments to be disbursed, and disbursements.
  - PM 3.4.2 Disbursements for Small Volume and Same or Next Day Payments. This section depicts the actions performed for payments which must be expedited. Key steps include submitting the file to treasury, certification of payments to be disbursed, and disbursements.
- PM 3.5 – Returned Payments – ACH, Check, Same Day. This section provides the key steps for the cancellation and return of payments from Treasury to the agency. The payment instruments include checks, ACH, CTX, CCD, CCD+, and Fedwires.
- PM 3.6 – Data Objects and Data Elements. This section is currently under development with Treasury FMS.

Excluded from the scope of this chapter are the following:

- Payment management processes for payments not disbursed by Treasury
- Acquisition processes
- Processes for maintenance of the Central Contractor Registry
- Intragovernmental Payment and Collection (IPAC) transactions
- Reimbursable activity
- Imprest Funds
- Travel
- Payroll
- Employee awards
- Credit card payments
- Grants
- Loans
- Cooperative agreements
- Canceled funds
- Foreign currency

- Internal offsets between Accounts Payable and Accounts Receivable.

The following flowchart depicts the sequence and inter-relationship of the Spending Chain Processes:

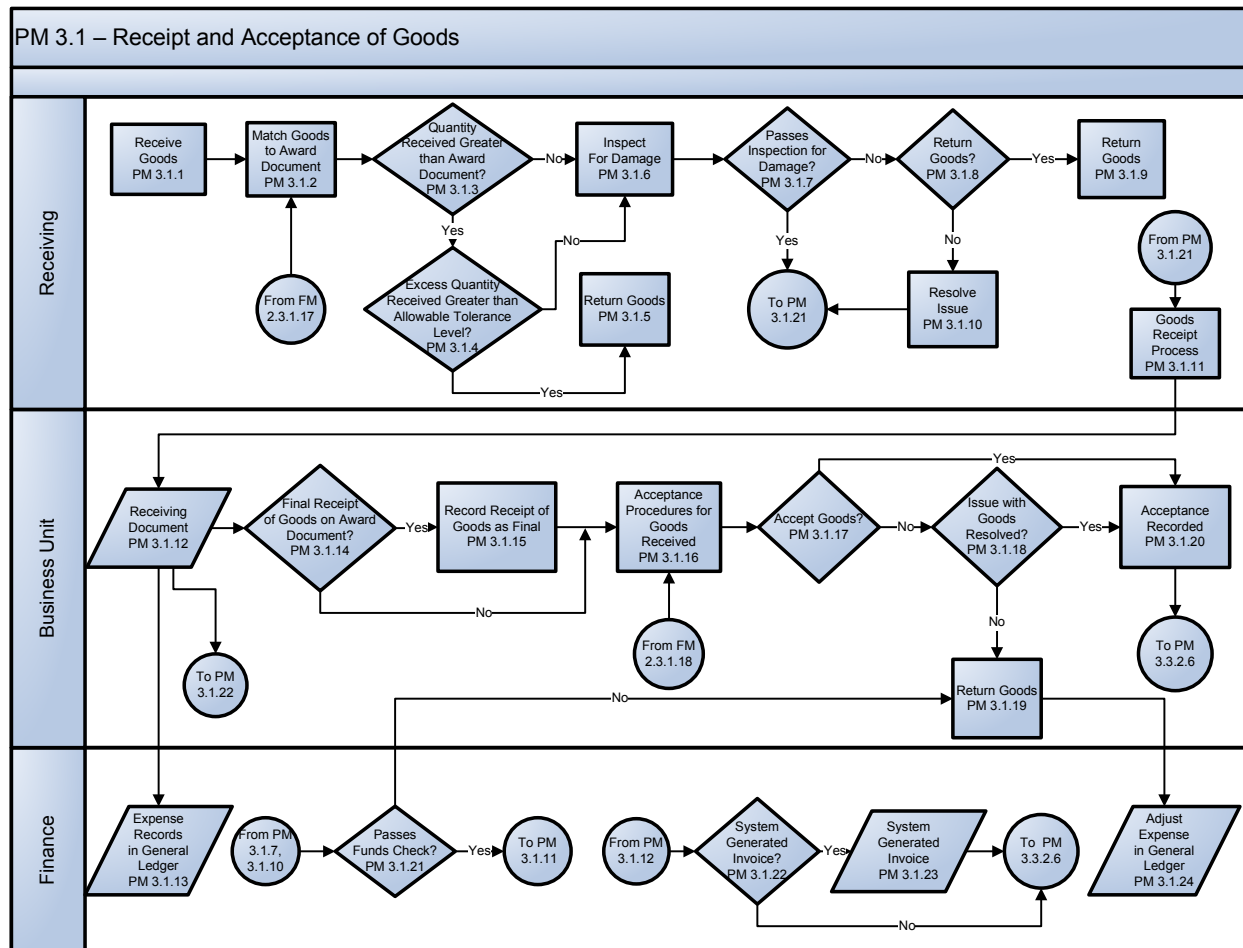


See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

## 3.1 RECEIPT AND ACCEPTANCE OF GOODS

Receipt and Acceptance of Goods refers to the process of receiving physical goods, performing an inspection, and either accepting or rejecting the delivery based on damage, quantity, or other criteria as defined by the contract. Depending on the nature of the goods received and the functional organization of an agency, the “Receiving” swim lane in the flowchart refers to a variety of locations in an agency rather than a specific office or area within an agency.

### ***PM 3.1 – Receipt and Acceptance of Goods Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart



The Payment Management Receipt and Acceptance of Goods process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.1.1	Receive Goods	Physical goods are received at a designated receiving area.	Goods should be delivered according to delivery information on the award document. Agency procedures should call for rejecting delivery of goods received at locations other than the appropriate receiving site, which may be a receiving dock or at the business unit.	PMB-01 PMB-04
PM 3.1.2	Match Goods to Award Document	When goods are received, Receiving personnel compare the items to the award document. Any discrepancies are noted electronically.	Access to the Receiving system and receiving transactions in the Core Financial System must be restricted to authorized personnel.  Goods must be recorded in the agency's asset management system as applicable.	
PM 3.1.3	Quantity Received Greater than Award Document?	If the quantity received exceeds the quantity ordered, the excess is compared to an allowable tolerance level (see step PM 3.1.4). This comparison may be performed electronically.  If the quantity received is equal to or less than the quantity ordered the goods are inspected for damage (see step PM 3.1.6).		
PM 3.1.4	Quantity Received Greater than Allowable Tolerance Level?	If the quantity received exceeds the quantity ordered, the excess is compared to an allowable tolerance level. This comparison may be performed electronically.  If the quantity received is within the allowable tolerance level, it is determined if this is the final receipt of goods on the	Agencies can set tolerance levels as allowed under applicable rules, regulations, and agency guidelines (FAR Volume 1, Part 11, Subpart 11.7, agency policies and procedures).	SMB-19 SMB-20

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		award document.		
PM 3.1.5	Return Goods	All or a portion of the goods are returned to the originator as applicable under the terms of the contract.	The return of items must be recorded in the applicable system.	
PM 3.1.6	Inspect for Damage	Goods are inspected for damage once the goods are received and matched to the award document.	Goods should be inspected for damage at the time of delivery by applicable Receiving personnel.	
PM 3.1.7	Passes Inspection for Damage?	Confirm goods are free of visible damage and note that the goods pass inspection. Damaged goods are noted electronically.	Receiving personnel assess visible damage to goods in accordance with applicable rules and regulations and agency guidelines (e.g., FAR, agency policy and procedures).	
PM 3.1.8	Return Goods?	If the goods are determined to be damaged and repair or replacement of parts is not appropriate, all or a portion of the goods should be returned.  Any discrepancies are noted electronically.	The return of goods must be within the contract terms.  In accordance with the contract terms, replacement components or parts may be obtained from the vendor to correct the issue.	
PM 3.1.9	Return Goods	Goods are returned if the quantity is in excess of the allowable tolerance level.  Any discrepancies are noted electronically.	A modification to the applicable acquisition instrument is required to increase the obligation of funds for quantities of goods exceeding tolerance levels. Such modification must occur prior to performing receipt and acceptance of the goods. Otherwise, the goods are returned.	
PM 3.1.10	Resolve Issue	Inspection issues with the goods must be resolved, as applicable, if goods are not to be returned.		
PM 3.1.11	Goods Receipt Process	Goods are processed for receipt.	Policies and procedures must comply with FAR where applicable. The receipt of goods must be performed within the contract terms.	
PM 3.1.12	Receiving Document	Receiving personnel enter receiving data to the applicable system to create a receiving document. The system accesses and	The receiving document becomes available to the Business Unit. The applicable system electronically notifies the requisitioner in the Business Unit that goods have been	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		populates applicable fields of the receiving document with information from the award document.	<p>received.</p> <p>The receiving document becomes available to the Core Financial System to be matched with the invoice and award document information.</p> <p>Notice of receipt is sent to the agency's Acquisition system.</p> <p>A proprietary expense and budgetary expenditure for delivered goods is recorded in the General Ledger. Applicable obligations, advances, or pre-paid expense balances are liquidated.</p>	
PM 3.1.13	Expense Records in General Ledger	A proprietary expense, a budgetary expenditure for received goods, and liquidation of the associated obligation is recorded in the General Ledger. Applicable advances or pre-paid expense balances are liquidated.	<p>The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B402 To record the delivery of goods or services and accrue a liability.</p> <p>TFM-B404 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is less than the original obligation.</p> <p>TFM-B406 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is more than the original obligation.</p> <p>TFM-B410 To record the delivery</p>	PMB-02

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			of goods or services for construction.	
PM 3.1.14	Final Receipt of Goods on Award Document?	Determine if this is the final receipt of goods for this award document. Confirm that the receipt satisfies the quantity on the award document.	Personnel designated to perform acceptance procedures for receipt of goods indicate in the Core Financial System whether this is the final receipt of goods for the award document.	
PM 3.1.15	Record Receipt of Goods as Final	If the receipt of goods represents the final outstanding obligation on the award document, it is recorded as the final receipt of goods.	Appropriate procedures should be performed to reconcile the award document to documentation of goods received.	
PM 3.1.16	Acceptance Procedures for Goods Received	The Business Unit or personnel with authority to approve acceptance of goods inspects the goods. This person reviews the electronic receiving document and is responsible for validating that goods are in compliance with contractual requirements.	<p>Depending on contractual terms and FAR guidelines, “constructive receipt” may apply to certain goods. In these cases, acceptance procedures may not be required as the services are considered “accepted” after an applicable amount of time.</p> <p>The receipt and acceptance of goods must be done within the contract terms.</p> <p>Acceptance is electronically routed to Finance to be matched with the invoice and award document.</p>	PMB-05
PM 3.1.17	Accept Goods?	If the certifier accepts all or a portion of the goods received, the applicable quantities of line items from the award document are accepted. The electronic documentation of acceptance is available to the Finance area.	<p>If a required invoice has yet to be received in Finance, certification of receipt and acceptance of goods is stored in the system pending receipt of the invoice.</p> <p>Acceptance issues must be resolved, as applicable.</p>	
PM 3.1.18	Issue with Goods Resolved?	If the issue with the goods is resolved and the goods are accepted, acceptance is recorded. If the goods are not accepted, the goods should be returned.	In accordance with rules, regulations and agency guidelines (e.g., agency policies and procedures, FAR), designated officials review applicable issues related to goods and determine steps	

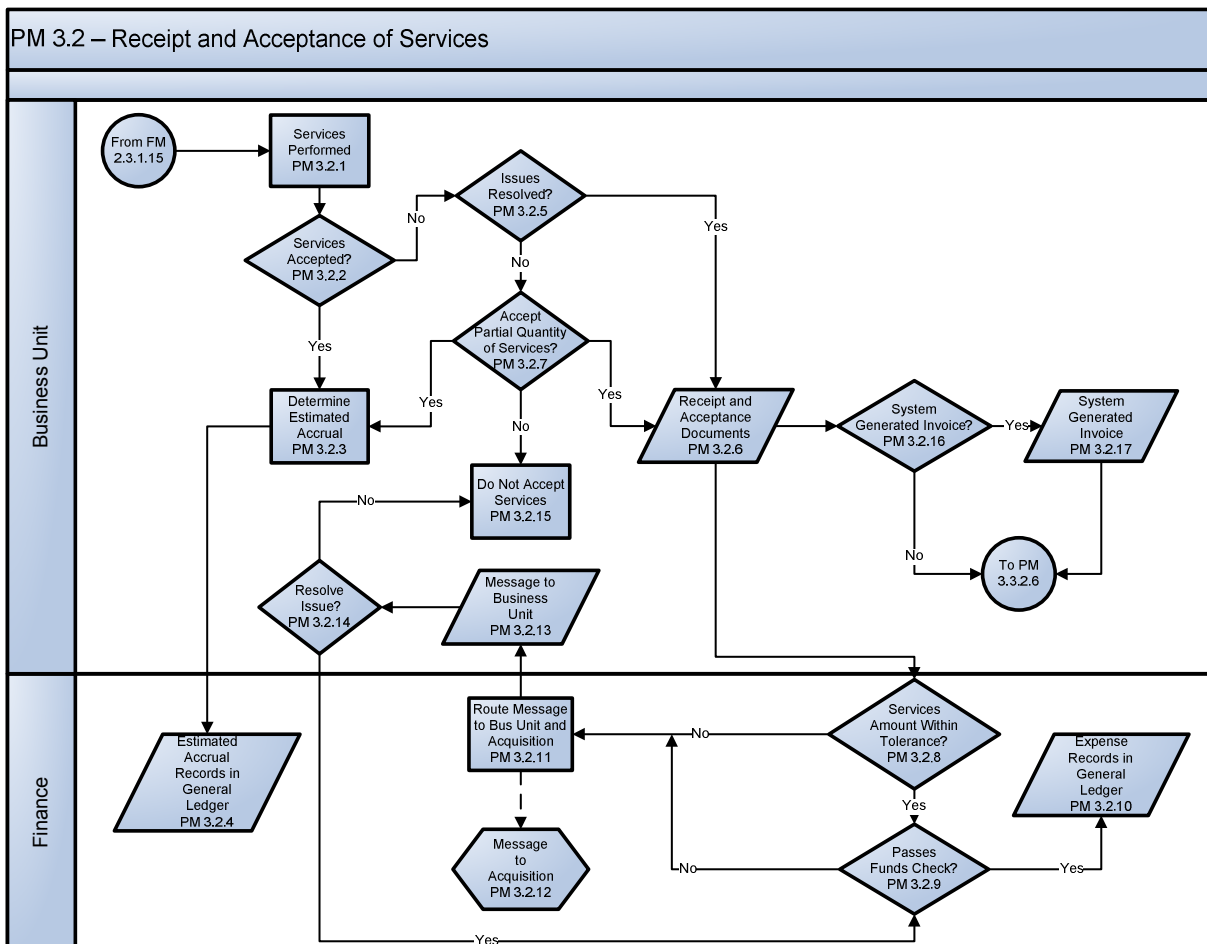
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>to be taken to resolve these issues.</p> <p>Issue resolution must be made in accordance with prompt payment requirements, as applicable, and contract terms.</p> <p>If the personnel with authority for performing acceptance determine goods are to be rejected and returned, he/she electronically records the items being rejected and the expenses recorded at the time of receipt of goods are adjusted accordingly.</p>	
PM 3.1.19	Return Goods	Return goods to the appropriate originator.	Return of goods must be appropriately recorded in the agency asset management system.	
PM 3.1.20	Acceptance Recorded	Personnel document acceptance for goods that have been received.	<p>Appropriate personnel should be authorized for documenting acceptance of goods.</p> <p>Expenses are reviewed periodically by responsible personnel in the Finance area. Appropriate personnel should follow up on items for which receipt and/or acceptance are missing.</p>	
PM 3.1.21	Passes Funds Check?	<p>The amount that a receiving document exceeds an obligation is subjected to an edit check to determine whether sufficient funds are available for the additional funding of the overage amount within the tolerance.</p> <p>If funds are available, the expense records in the General Ledger. If funds are not available, notification is sent to the Business Unit and Acquisition to resolve the issue.</p>	The Core Financial System must ensure sufficient applicable funding is available prior to allowing an expense to be recorded in the General Ledger.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.1.22	System Generated Invoice?	An invoice is generated within the Core Financial System for applicable transactions for which an invoice is not required.	<p>Award documents should indicate whether a vendor invoice is required for payment. (The vendor invoice may be required by Finance prior to payment but is not required as part of the Receiving process. Rather, it may be made available to applicable personnel in the Business Unit for informational purposes.)</p> <p>In the event a vendor invoice is not required, the Core Financial System should generate an internal invoice document based on vendor, obligating, receiving, and acceptance information.</p>	
PM 3.1.23	System Generated Invoice	A system-generated invoice is the result of step PM 3.1.22.		
PM 3.1.24	Adjust Expense in General Ledger	For goods being rejected, expenses recorded at the time of receipt of goods are adjusted accordingly by entering the item return into the system (negative goods receipt).	Based on the specific financial event, the expense is adjusted in accordance with the current TFM.	

## 3.2 RECEIPT AND ACCEPTANCE OF SERVICES

Receipt and Acceptance of Services refers to the process of receiving services, determining whether the services received met the contractual obligation, and accepting or rejecting the services based on quality, quantity, or other criteria as defined by the contract. The following flowchart depicts the steps for the Payment Management process for the receipt and acceptance of services. Steps include receipt and acceptance of services and related actions in the Business Unit and Finance functional areas.

### *PM 3.2 – Receipt and Acceptance of Services Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Receipt and Acceptance of Services process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.2.1	Services Performed	Services are performed on behalf of the applicable Business Unit.	<p>Authorized officials in the Business Unit and/or Acquisition monitor services for compliance with contractual terms.</p> <p>Receipt of services should be documented in the Core Financial System by the time the invoice for the services is received.</p>	
PM 3.2.5	Services Accepted?	Authorized officials in the Business Unit access an electronic award document and vendor invoice for services provided. The authorized official in the Business Unit is electronically notified by Finance of the receipt of an invoice for services.	<p>Depending on contractual terms and FAR guidelines, “constructive receipt” may apply to certain services. In these cases, acceptance procedures may not be required as the services are considered “accepted” after an applicable amount of time.</p> <p>The receipt and acceptance of services must be performed within the contract terms.</p>	
PM 3.2.3	Determine Estimated Accrual	An estimated accrual is determined using the agency’s guidelines.	The agency’s guidelines for estimating accruals must be reassessed on a regular basis.	
PM 3.2.4	Estimated Accrual Records in General Ledger	Based on services performed, an estimated accrual of expenses for the delivered services is recorded in the General Ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B402 To record the delivery of goods or services and accrue a liability.</p> <p>TFM-B404 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year</p>	



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>expended authority is less than the original obligation.</p> <p>TFM-B406 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is more than the original obligation.</p> <p>TFM-B410 To record the delivery of goods or services for construction.</p> <p>Accruals should be reversed as appropriate each reporting period.</p>	
PM 3.2.5	Issues Resolved?	<p>Appropriate messages are routed to Business Unit, Acquisition, and Finance personnel and appropriate actions are taken to resolve any issue(s). If appropriate actions are taken and appropriate personnel determine that issues are resolved, the services are accepted.</p> <p>The authorized official may decline to accept services due to concerns that contractual criteria have not been met.</p>	Issues must be evaluated and resolved in accordance with applicable laws and regulations, rules, and agency guidelines (e.g., FAR, agency policies and procedures), including the Prompt Payment Act.	
PM 3.2.6	Receipt and Acceptance Documents	Based on appropriate monitoring of vendor performance, the authorizing official electronically performs receipt and acceptance of services.		PMB-01 PMB- 05
PM 3.2.7	Accept Partial Quantity of Services?	If the full amount of services are not accepted and issues are not resolved, the agency determines whether to accept a partial quantity of the services.	<p>Partial receipt of services are possible for certain types of services and can be governed by the "Service Level Agreement" (SLA) for acceptance of services.</p> <p>Partial receipt and acceptance of</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		If there is partial acceptance, the receipt and acceptance documents for the portion of services accepted are processed.	<p>services may result from variances from contractual terms (e.g., rate discrepancy, contracted quantity of services (e.g., hours) received, quality of content and performance).</p> <p>If an invoice or other applicable documentation per the contract is received from the vendor but the agency does not accept the services because of unresolved issues, the invoice should be rejected within the specified number of days based on Prompt Pay type.</p>	
PM 3.2.8	Services Amount Within Tolerance?	If the quantity of hours or hourly rate of services received exceeds the quantity or rate ordered, the excess is compared to an allowable tolerance level. If the quantity received is within the allowable tolerance level and the monetary value of any applicable line item of the bill exceeds the obligation but is within tolerance, it is subjected to a “Funds Check”.	Agencies set tolerance levels in accordance with applicable rules, regulations, and agency guidelines (e.g., FAR, agency policies and procedures).	SMB-19 SMB-20
PM 3.2.9	Passes Funds Check?	<p>The amount by which services received exceed an obligation is subjected to an edit check to determine whether sufficient funds are available for the additional funding.</p> <p>If funds are available, the expense is recorded in the General Ledger. If funds are not available, notification is sent to the Business Unit and Acquisition, as applicable, to resolve the issue.</p>	The Core Financial System must ensure sufficient applicable funding is available prior to allowing an expense to record in the General Ledger.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.2.10	Expense Records in General Ledger	Based on receipt of the services, a proprietary expense and budgetary expenditure for the delivered services is recorded in the General Ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B402 To record the delivery of goods or services and accrue a liability.</p> <p>TFM-B404 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is less than the original obligation.</p> <p>TFM-B406 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is more than the original obligation.</p> <p>TFM-B410 To record the delivery of goods or services for construction.</p>	
PM 3.2.11	Route Message to Business Unit and Acquisition	If either the quantity of services received exceeds the allowable tolerance level or the funds check fails, a message is routed to the appropriate personnel in the Business Unit and Acquisition to resolve the issue(s).	The message should be initiated electronically once a transaction fails the tolerance or funds checks.	
PM 3.2.12	Message to Acquisition	An applicable message is routed to Acquisition with the tolerance and/or funding issue(s).		
PM 3.2.13	Message to	An applicable message is		

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Business Unit	routed to the Business Unit with the tolerance and/or funding issue(s).		
PM 3.2.14	Resolve Issue?	<p>The Business Unit and/or Acquisition will resolve the tolerance and/or funding issue(s).</p> <p>If the issue is resolved, the amount of services received is subject to a funds check.</p>	Issues must be evaluated and resolved within the guidelines and requirements of applicable laws and regulations, including the Prompt Payment Act and FAR.	
PM 3.2.15	Do Not Accept Services	<p>The certifier of acceptance electronically records the service items being rejected.</p> <p>The associated invoice will be returned to the vendor/payee. A new invoice may be requested if applicable.</p>	If services are to be rejected, it must be done in accordance with applicable award documents, the FAR, and agency guidelines.	
PM 3.2.16	System-Generated Invoice?	An invoice is generated within the Core Financial System for applicable transactions for which an invoice is not required.	<p>Award documents should indicate whether a vendor invoice is required for payment. (The vendor invoice may be required by Finance prior to payment but is not required as part of the Receiving process. Rather, it may be made available to applicable personnel in the Business Unit for informational purposes.)</p> <p>In the event a vendor invoice is not required, the Core Financial System should generate an internal invoice document based on vendor and associated obligating, receiving, and acceptance information.</p> <p>Acceptance is electronically routed to Finance to be matched with the invoice and award document.</p>	
PM 3.2.17	System-Generated	A system-generated invoice is generated within the Core	Acceptance is electronically routed to Finance to be matched	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Invoice	Financial System.	with the invoice and award document.	

## **3.3 ACCOUNTS PAYABLE AND INVOICING PROCESSES**

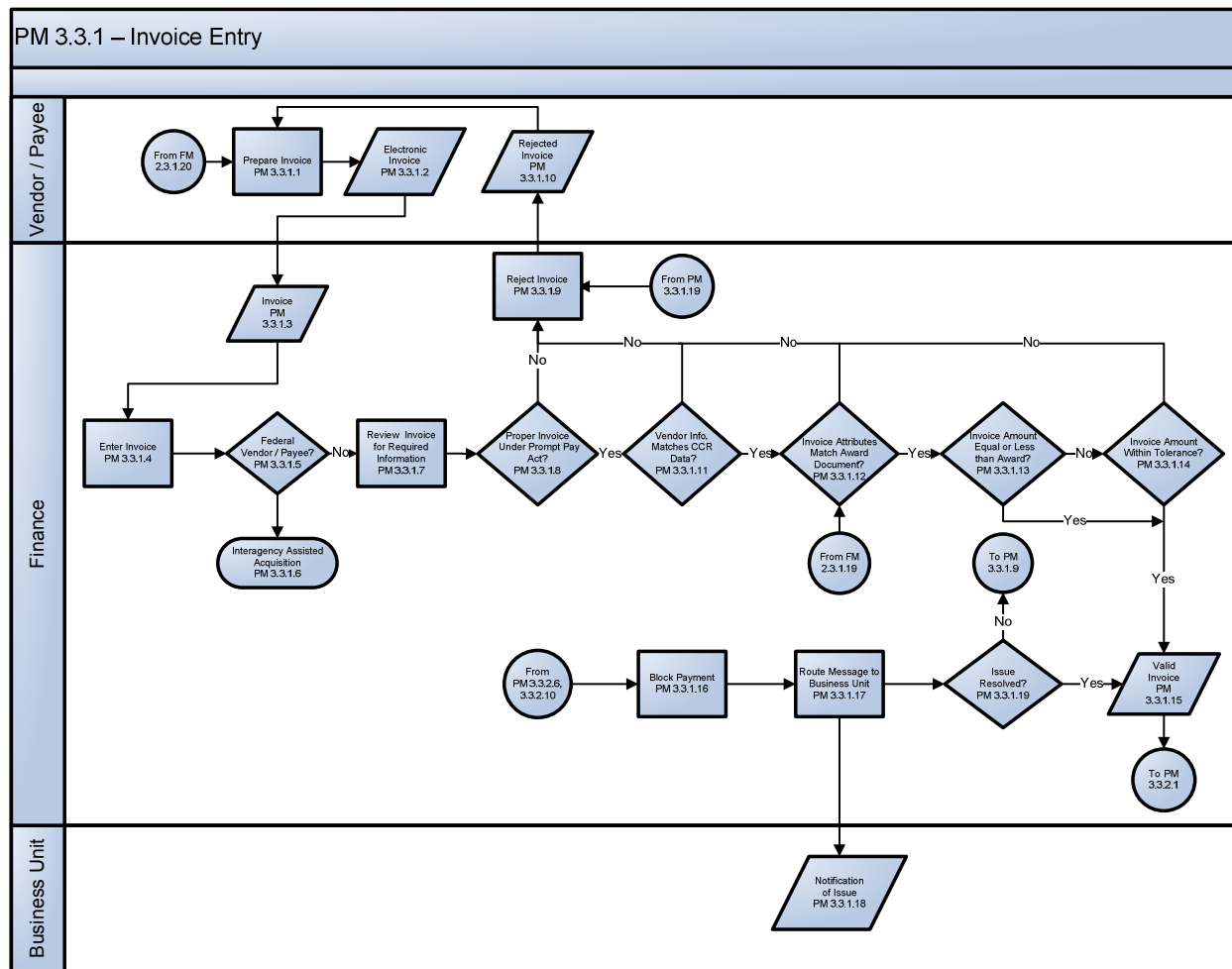
The Accounts Payable and Invoicing processes described in the sections 3.3.1, 3.3.2, and 3.3.3 refer to the procedures necessary to enter an invoice into the Core Financial System, match supporting documentation with an award document, and process a credit memo received from a vendor/payee. Further, related accounting entries and the steps to ensure proper approval and verification of an invoice are contained within this section.

### **3.3.1 INVOICE ENTRY**

Invoice Entry refers to the process of receiving invoices from vendors, verifying and validating invoice information, and approving or rejecting the invoices for payment. This section is based on the assumption that under best business practices, invoices should be submitted and processed electronically. Agencies should implement procedures to automate the invoice submission process. This chapter addresses one type of payment requests, invoices. Other types of payment request which are used to authorize disbursements include, but are not limited to, grants, employee reimbursements, employee awards and payroll.

In cases where an agency must continue to accept paper invoices, electronic tools can be used to improve the efficiency of invoice processing. Examples include digital imaging and Optical Character Recognition (OCR).

## PM 3.3.1 - Invoice Entry Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Accounts Payable and Invoice Entry and Processing steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.3.1.1	Prepare Invoice	The vendor/payee prepares and submits to the agency an invoice for goods and/or services.	Agencies must communicate to vendor/payees that invoices must be prepared in accordance with prescribed data and format requirements.	
PM 3.3.1.2	Electronic Invoice	Under best business practices, invoices are submitted electronically.	The Core Financial System must provide automated functionality for capturing invoice data.	PMC-01 PMC-02 PMC-03
PM 3.3.1.3	Invoice	Invoices are received in Finance (should be via electronic transmission).  In the case of paper invoices, invoices are forwarded to appropriate Finance or other applicable personnel.	Paper invoices received should be imaged to enable the flow of invoice documents electronically through the accounts payable and invoicing processes.	
PM 3.3.1.4	Enter Invoice	Invoices are entered into the agency's accounts payable system creating a payment request.	The invoice date and the date the invoice was received in the proper billing office (log date) should be entered into the system in accordance with Prompt Payment Act requirements.  The payment due date and the date on which interest will begin to accrue if a payment is late must be determined in accordance with Prompt Payment Act requirements.  Under best business practices in an electronic environment, invoices are imported into the agency's accounts payable system.	
PM 3.3.1.5	Federal Vendor / Payee?	The vendor/payee is identified as either a federal or non-federal vendor/payee.	If the payee is a Federal vendor, Finance performs IPAC procedures in accordance with an approved Trading Partner Agreement and Treasury guidelines.	
PM 3.3.1.6	Interagency Assisted Acquisition	Federal vendor/payees are paid through the IPAC system	A federal agency is any executive agency or any independent establishment in the legislative or	



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		Federal (intragovernmental) buy and sell transactions that are processed through IPAC will be included in a future release of the Standard Business Processes document.	judicial branch of government (except the Senate, the House of Representatives, the Architect of the Capitol, and any activities under the Architect's direction).	
PM 3.3.1.7	Review Invoice for Required Information	Edit checks are performed to evaluate whether an invoice includes information required under the Prompt Payment act.	<p>Automated system edit checks should be performed to verify that each invoice includes the required information under the Prompt Payment Act. As necessary, some edit checks may be performed manually.</p> <p>Under best business practices in an electronic environment, edit checks should include tests of validity, accuracy, and completeness of information submitted. Such edit checks (as described in subsequent steps) may be executed simultaneously. An exception report should be generated.</p>	PMA-02
PM 3.3.1.8	Proper Invoice Under Prompt Pay Act?	Based on the results of the edit checks performed in the previous step, the agency determines whether the invoice is proper under the requirements of the Prompt Pay Act.	Agency procedures must enable the return of improper invoices within the required number of days as required under the Prompt Payment Act.	
PM 3.3.1.9	Reject Invoice	If the invoice fails Prompt Pay information requirements, cannot be matched to a valid obligation, or key vendor/payee information does not match the vendor/payee file, it is rejected and returned to the vendor/payee.	<p>The agency must provide the vendor/payee a system-generated notice of return of an improper invoice.</p> <p>If the award was made to a CCR registered vendor/payee and the vendor/payee no longer has an active registration in CCR, the Prompt Pay Act requires the invoice be returned as an improper invoice.</p> <p>Vendor/payees are not required to</p>	PMC-19 PMC-21 PMC-22

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>be registered in CCR but must be active in the official agency vendor/payee file, or the invoice is rejected.</p> <p>Mark the vendor/payee invoice with the date the invoice is returned in order to stop the accrual of interest.</p> <p>The vendor/payee may be contacted as applicable, but such communication should not delay compliance with the Prompt Payment Act.</p>	
PM 3.3.1.10	Rejected Invoice	A rejected invoice is returned to the vendor/payee for correction or other appropriate action in order for the vendor/payee to prepare a proper invoice.	Vendor/payees are required to prepare invoices in accordance with the FAR and agency guidelines.	
PM 3.3.1.11	Vendor Info. Matches CCR Data?	System edit checks verify that vendor/payee information matches the vendor/payee file based on the latest vendor/payee database update.	<p>Core Financial System vendor/payee data must be regularly updated with changes to CCR data. Vendor/payee file fields must accommodate CCR data.</p> <p>The Core Financial System must prevent CCR vendor/payee data from being changed by the agency for those vendor/payees required to register in the CCR.</p>	PMA-04
PM 3.3.1.12	Invoice Attributes Match Award Document?	Finance determines that system edit checks have validated the consistency of information on the invoice with the relevant award document (i.e., order number, product description, quantity, vendor/payee name, address, and date).	<p>Automated edit checks should verify an invoice is originated by an approved vendor/payee. System edit checks verify that vendor/payee information on the invoice matches the information for the approved vendor/payee in the system. For vendor/payees not required to be registered in CCR, the invoice is validated against agency-defined criteria.</p> <p>The Core Financial System must process each vendor/payee invoice</p>	PMC-04 PMC-05 PMC-06

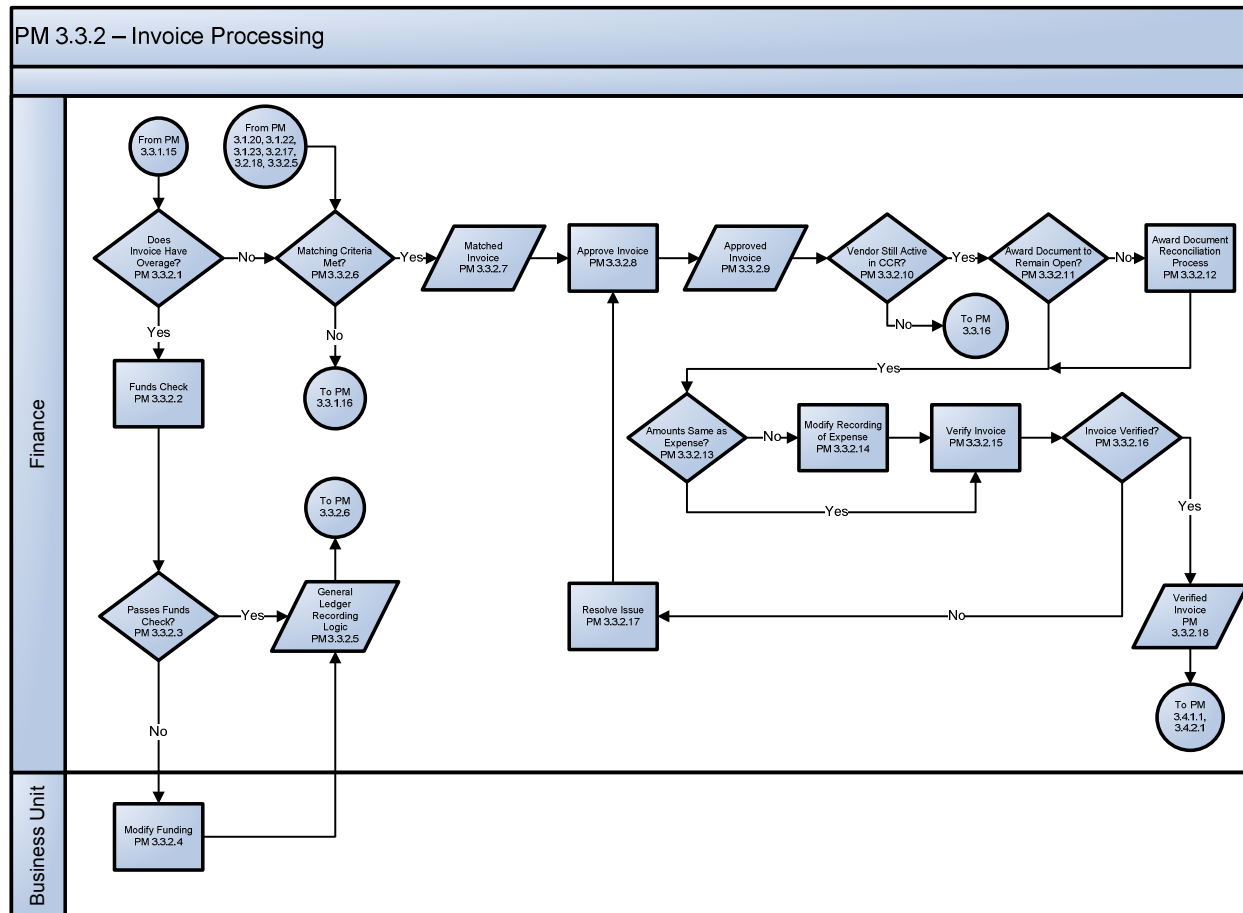
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			through edit criteria designed to identify duplicate vendor/payee invoices. Edit criteria and should be developed based on appropriate agency defined criteria. Criteria may include agency identifier, vendor/payee number, vendor/payee account number, vendor/payee TIN, vendor/payee invoice number, invoice date, invoice amount, referenced obligation document number, or DUNS number. An exception report must be generated and reviewed by a supervisory official.	
PM 3.3.1.13	Invoice Amount Equal or Less than Award?	The invoice amount is compared to the award document amount.	The Core Financial System must incorporate edit checks to facilitate this comparison of quantities and amounts by document lines and totals.	
PM 3.3.1.14	Invoice Amount within Tolerance?	The amount by which an invoice amount exceeds an obligation is compared to allowable tolerance levels.	<p>Agencies should determine tolerance levels for prices, quantities of items, and applicable amounts (e.g., freight) for which further approval is not required.</p> <p>An additional obligation document is not required for invoice amounts within tolerance.</p> <p>In cases where the funding need exceeds the tolerance limits, policies or business practices may allow officials with funding authority to be notified to consider obligating more funds (rather than rejecting the invoice).</p>	SMB-19 SMB-20 PMC-13
PM 3.3.1.15	Valid Invoice	Once the invoice passes the edit checks, the invoice is considered a valid invoice.	Valid invoice must be populated with applicable valid data elements.	
PM 3.3.1.16	Block Payment	If matching criteria are not met, the invoice is blocked from payment.	The Core Financial System must block from payment any invoice for which matching criteria are not met or an invoice lacks required approvals and/or verifications.	PMC-08

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.3.1.17	Route Message to Business Unit	Once an invoice has been received and the system lacks evidence of receipt of goods and/or acceptance, the system routes a message to the applicable Business Unit personnel of the need for required documentation. In the case of services, the invoice copy is routed to the Business Unit for review.	<p>The Core Financial System should automatically identify and route a message to applicable personnel of open requirements related to pending invoices.</p> <p>Applicable personnel take appropriate actions within Prompt Payment Act requirements.</p>	TLE-07
PM 3.3.1.18	Notification of Issue	The Business Unit is notified electronically of the need for required documentation.		
PM 3.3.1.19	Resolve Issue	Additional documentation is provided.		

## 3.3.2 INVOICE PROCESSING

Invoice Processing refers to the process of performing a funds check, determining if the proper obligation or receiving document has been established, and accepting or rejecting the invoice. The verification process also includes two-way, three-way, and four-way matches, confirmation of vendor's status in the CCR, and notification of any funds that may be deobligated.

### *PM 3.3.2 - Invoice Processing Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Invoice Processing process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.3.2.1	Does Invoice Have Overage?	Determine if the invoice amount is greater than the approved original funding amount while being within the allowable tolerance for overages.		
PM 3.3.2.2	Funds Check	The amount of an invoice is subjected to a check to determine whether sufficient funds are available for the payment.	The Core Financial System must ensure sufficient applicable funding is available prior to allowing an invoice to be paid.	
PM 3.3.2.3	Passes Funds Check?	The funds check process is completed.	The Core Financial System must ensure sufficient applicable funding is available prior to allowing an expense to be recorded in the General Ledger.	
PM 3.3.2.4	Modify Funding	Funding authorities identify, realign or reprogram funds as applicable to fund the full amount of the obligation (for invoice overages within the allowable tolerance for overages).	Funding authorities fund the obligation in accordance with applicable rules, regulations and agency guidelines (e.g., FAR, OMB Circular A-11, agency policies and procedures).	
PM 3.3.2.5	General Ledger Recording Logic	<p>The system performs a series of logical steps before recording the appropriate entries to the General Ledger.</p> <p>The system performs edits on the entries to determine the accounting classification elements are valid, the accounting period is open, the fund is open, CCR edits are passed, etc.</p> <p>After the entries pass validation edits and funds checks, the applicable entries are recorded.</p>	<p>In cases where the award document is closed out, entries to deobligate any remaining obligations are recorded.</p> <p>Where the expense is modified, the appropriate expense adjustment for the overage on the invoice is recorded.</p> <p>The entries are recorded using USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction codes from the current TFM:</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>TFM-B402 To record the delivery of goods or services and accrue a liability.</p> <p>TFM-B404 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is less than the original obligation.</p> <p>TFM-B406 To record the delivery of goods and services in the same year the order was placed and accrue a liability. The current-year expended authority is more than the original obligation.</p>	
PM 3.3.2.6	Matching Criteria Met?	The invoice must be matched to required documentation for the applicable acquisition.	<p>Finance must match invoices to appropriate obligations, receiving reports, and acceptance information by document line item and quantity.</p> <p>The Core Financial System must process invoices for payment of partial quantities received.</p>	PMC-08 PMC-09
PM 3.3.2.7	Matched Invoice	Applicable document information is compared and matched depending on the applicable criteria for a two-way, three-way, or four-way matching process.	<p>The agency must define and implement criteria for types of invoices for which two-way (obligation and invoice), three way (invoice, obligation, simultaneous receipt and acceptance) or four-way matching (invoice, obligation, receipt, and acceptance) is required. The applicable matching criteria should be determined prior to placing an order.</p> <p>Agencies should establish criteria and procedures under which a payment not requiring an invoice can be made. Such a payment would be based on a contract schedule or other such agreed upon payment schedule.</p>	PMC-08 PMC-10 PMC-11

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>Agency policies and procedures and system edits should require a receiving report for pre-defined types of goods (e.g., machinery, equipment). Such goods can be identified systematically based on applicable data fields within the accounting classification elements used for the transaction (e.g., object class).</p> <p>Expenses should be reviewed periodically by a supervisor or other applicable personnel in the Finance area. An exception report is generated for items for which acceptance is missing. Finance personnel follow up on the items with Business Unit personnel.</p>	
PM 3.3.2.8	Approve Invoice	Finance reviews and approves the invoices in the Core Financial System. Finance may rely on the Core Financial System to perform the matching function. Invoices may be approved electronically if automated edit checks serve to verify that required criteria have been met.	<p>Finance personnel review electronic evidence of the existence and matching of the award document or contract, invoice, documents of receipt and acceptance, as applicable, to determine that the goods or services billed were in fact ordered and received prior to approving the invoice.</p> <p>Automated edit checks are completed without exception prior to electronic approval of the electronically matched invoice.</p> <p>A well-designed automated payment system will include evidence to verify that the system is designed and operating properly. Such evidence is used by an approver to verify the system is designed and operating properly.</p>	<p>TLE-01 TLE-02 TLE-03 TLE-04 TLE-05 TLE-06 TLE-07 TLE-08</p>
PM 3.3.2.9	Approved Invoice	Once the vendor/payee is verified as “active” in CCR and previous steps have been successfully		



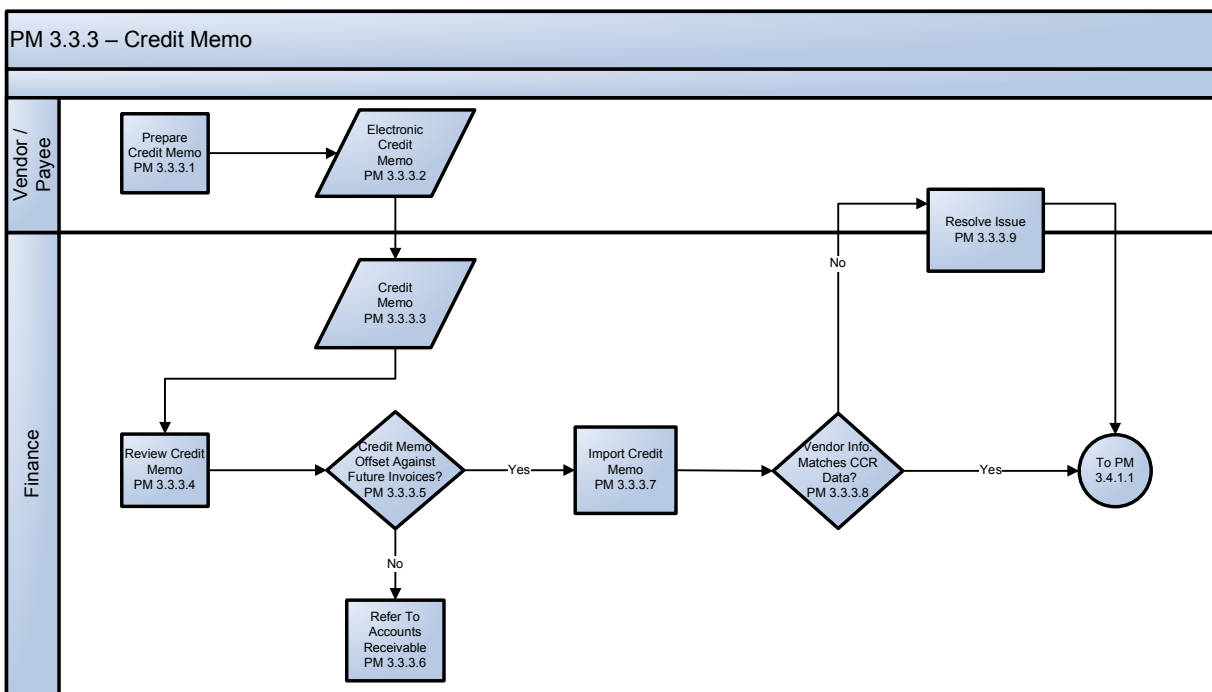
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		accomplished, the invoice is considered approved.		
PM 3.3.2.10	Vendor Still Active in CCR?	The agency verifies that the vendor/payee is still active in CCR prior to payment.	System edit checks verify that the vendor/payee is active in CCR prior to payment.	PMC-07
PM 3.3.2.11	Award Document to Remain Open?	If the invoice fulfills remaining line items on the award document, the quantities and amounts remaining on the obligating document are closed to prevent further payment activity.	The Core Financial System must record an applicable invoice as the “final” invoice against a referenced obligation.  Acquisition is notified when final payment has occurred on an obligation to facilitate the update of acquisition documents.	PMC-09
PM 3.3.2.12	Award Document Reconciliation Process	Documentation of contract performance is reconciled to supporting documentation prior to closeout.	A message should be routed to Acquisition/requisitioner, as applicable, to review remaining undelivered orders for possible deobligation.	
PM 3.3.2.13	Amounts Same as Expense?	In the case of goods and/or services received, the system checks whether the amount of the invoice is the same as the amount expensed at the time of receipt of goods and/or services.	The Core Financial System must check for differences between recorded expenses and approved invoice amounts.	
PM 3.3.2.14	Modify Recording of Expense	The Core Financial System determines the amount by which the recorded expense must be modified to equal the amount of the approved invoice.	The recorded expense should be modified consistent with the additional shipping and other charges that were previously authorized.	
PM 3.3.2.15	Verify Invoice	Finance personnel will perform a second level review and approval of invoices meeting agency-defined criteria (e.g., invoice dollar amount greater than threshold).	Based on agency internal control procedures, selected invoices could be subjected to an additional review and approval based on agency established controls and criteria (e.g., invoices greater than specified threshold amounts, applicable invoice types).	
PM 3.3.2.16	Invoice Verified?	The agency determines whether invoices subjected to additional review pass or		

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		fail such review.		
PM 3.3.2.17	Resolve Issue	Issues noted during the “Verify Invoice” step must be resolved prior to approval of an invoice. Appropriate notifications to personnel are made and actions taken to resolve the issue.	The Core Financial System should enable routing of the invoice issue to authorized personnel.	
PM 3.3.2.18	Verified Invoice	An authorized approver reviews all documents for completeness and accuracy. The output is a verified invoice that includes all documents reviewed by the authorized approver. Upon approval, the invoice is warehoused for payment.	Documentation of the invoice, award document, receipt, evidence of inspection (physical goods), and acceptance are required for an invoice to be valid for payment.	TLE-03 TLE-06 TLE-07 TLE-08

## 3.3.3 CREDIT MEMO

Credit Memos are issued by vendors in the event that previously accepted goods are returned by an agency and are either offset by the invoice or forwarded to the accounts receivable functional area for collections. Integration of accounts payable and accounts receivable is excluded from this chapter; however, where the process is performed the process flow indicates that the credit memo is forwarded to accounts receivable. In the event that the amount of the invoice exceeds that of the credit memo, payment is made for the difference. The steps contained in PM 3.3.3 outline the procedures for managing the credit memo process.

### PM 3.3.3 – Credit Memo Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Credit Memo process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.3.3.1	Prepare Credit Memo	The vendor/payee prepares and submits to the agency a credit memo to settle a claim.	Agencies must communicate to vendor/payees that credit memos must be prepared by the vendor/payees in accordance with the agency's prescribed data and format requirements.  Credit memos are warehoused and offset against outstanding invoices. Payment is processed when the amount of the invoice exceeds the credit memo balance.	
PM 3.3.3.2	Electronic Credit Memo	Under best business practices, credit memos are submitted electronically.	The Core Financial System must provide automated functionality for capturing credit memo data.	PMD-50 PMD-51 PMD-52 PMD-53 PMD-54
PM 3.3.3.3	Credit Memo	Credit Memos are received in Finance (should be via electronic transmission).  In the case of paper credit memos, they are forwarded to appropriate Finance or other applicable personnel.	Paper credit memos received should be imaged to enable the flow of invoice documents electronically through the accounts payable and invoicing processes.	
PM 3.3.3.4	Review Credit Memo	Finance personnel should review credit memos to determine appropriate disposition.	Finance personnel should review the credit memo to determine the likelihood that the agency will have future business with the vendor/payee.	
PM 3.3.3.5	Credit Memo Offset Against Future Invoice?	Finance personnel must determine if the credit memo should be input and warehoused with invoices for agency offset.	Finance personnel must determine if the credit memo will be offset against a future invoice or processed as if a receivable should be established.	
PM 3.3.3.6	Refer to Accounts Receivable	Credit memo is referred to accounts receivable personnel for setup and collection.		
PM 3.3.3.7	Import Credit	Credit memo is imported into the agency's accounts	Under best practices, data is imported.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Memo	payable system.		
PM 3.3.3.8	Vendor Info. Matches CCR Data?	System edit checks verify that vendor/payee information matches the vendor/payee file based on the latest vendor/payee database update.	<p>Core Financial System vendor/payee data must be regularly updated with changes to CCR data. Vendor/payee file fields must accommodate CCR data.</p> <p>The Core Financial System must prevent CCR vendor/payee data from being changed by the agency for those vendor/payees required to register in the CCR.</p>	PMA-04
PM 3.3.3.9	Resolve Issue	Vendor must make appropriate changes to CCR data or credit memo.		

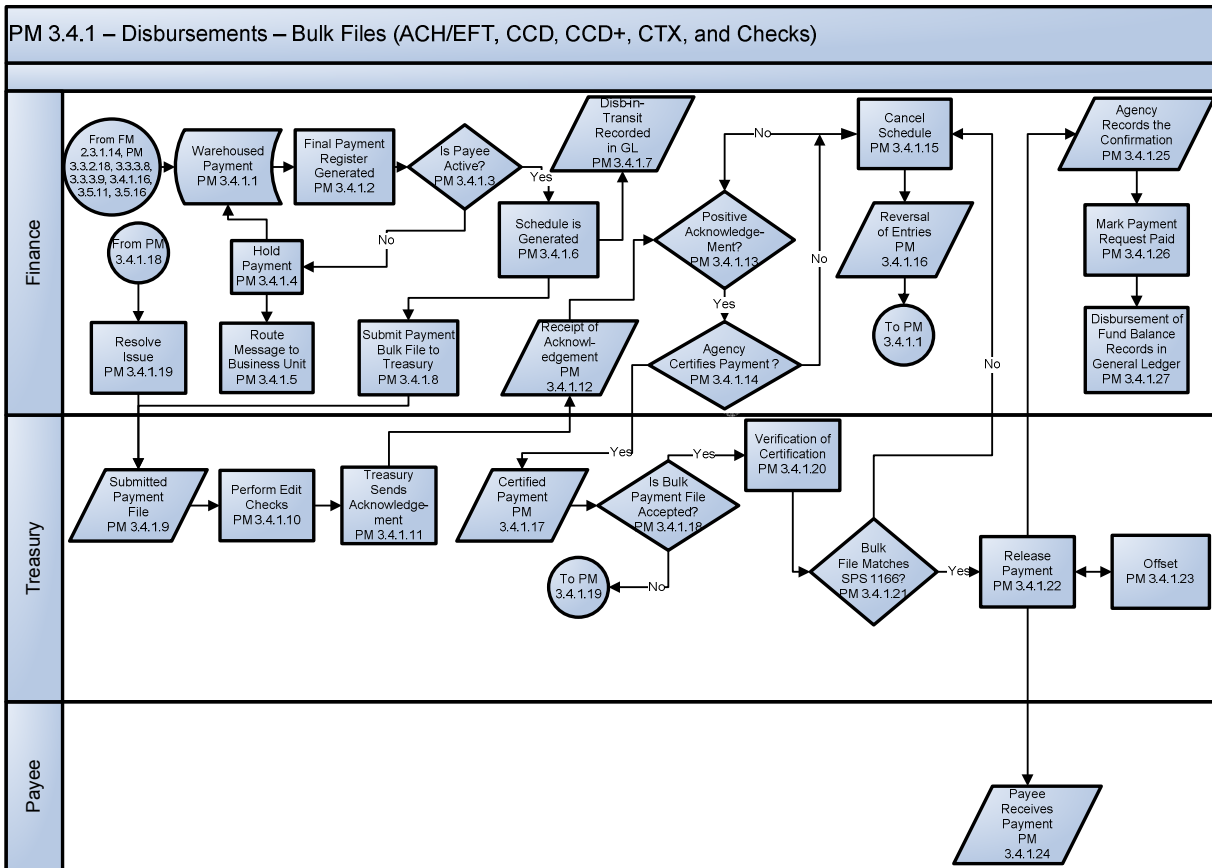
## **3.4 DISBURSEMENTS**

The Disbursement processes described in Sections 3.4.1 and 3.4.2 refer to the actual payment processes performed by the Department of the Treasury. Depending on Prompt Payment Act or other agency-specific requirements, payments may be submitted to the Treasury as either bulk files or smaller files for overnight or next day payment.

### **3.4.1 DISBURSEMENTS FOR BULK FILES (ACH/EFT, CCD, CCD+, CTX, AND CHECKS)**

Bulk File payment types may be submitted via ACH/EFT (Automated Clearing House/Electronic Funds Transfer), Cash Concentration Disbursement (CCD), Cash Concentration Disbursement Plus Addendum (CCD+), Corporate Trade Exchange (CTX) and checks. Key steps include submitting a bulk file to Treasury, certification of payments to be disbursed, and disbursement. The following flowchart includes the steps for the disbursement of bulk files within the payment function. These steps depict the actions performed from the point at which a Bulk File payment is warehoused through payment to a payee.

## PM 3.4.1 Bulk Files (ACH/EFT, CCD, CCD+, CTX and Checks) Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Disbursement – Bulk Files (ACH/EFT, CCD, CCD+, CTX, and Checks) process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.4.1.1	Warehoused Payment	Upon certification of payment requests, the payment is warehoused awaiting scheduled payment in accordance with contract terms. These payments are queued based on due date for compliance with the Prompt Payment Act. A Preliminary Payment Register and Batch Report are run, and the data is reviewed by the Certifying Officer to ensure the information is accurate and complete.	<p>As stated in Treasury FMS Supplement to the TFM, Volume I, Part 4-1000, a well- designed automated payment system will include evidence to verify that the system is designed and operating properly. Such evidence is used by an authorized Certifying Officer to verify the system is designed and operating properly.</p> <p>Personnel with funding authority must review the accounting classification elements, including the TAS-BETC, during payment request entry and processing.</p> <p>The agency Certifying Officer compares the control totals in the Core Financial System that were used to generate the payment schedules with the control totals that will be certified in the Secure Payment System (SPS) for the same schedules.</p>	PMC-16 PMD-01 PMD-17 PMD-13
PM 3.4.1.2	Final Payment Register Generated	<p>The Certifying Officer reviews the payment batch and generates a Final Payment Register report.</p> <p>The payment clock of the system tracks a scheduled payment, including discount, prompt payment interest (calculated within the Core Financial System) and contract holdbacks (retainage)</p>	The agency shall comply with the Prompt Payment Act and agencies must follow the applicable SPS user guide and current TFM guidance.	PMD-12



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		according to the projected payment date.		
PM 3.4.1.3	Is Payee Active?	<p>If the payee is active in the CCR system, a payment schedule is generated. If the payee is inactive, the payment is put on hold.</p> <p>If the payee is not required to be registered in CCR, the payment is processed and a payment schedule is generated.</p>	The payee is a person, corporation, or other public or private entity that is authorized to receive a payment from a federal agency.	PMC-06
PM 3.4.1.4	Hold Payment	The payment is put on hold.	<p>Payments placed on hold must be handled in accordance with Prompt Payment Act requirements.</p> <p>The payee is notified of the payment being placed on hold.</p>	
PM 3.4.1.5	Route Message to Business Unit	The system routes a message to the applicable Business Unit personnel that the payment has been put on hold.	Business Unit personnel shall be designated for notification of held payments.	TLE-07
PM 3.4.1.6	Schedule is Generated	<p>A payment schedule is generated.</p> <p>The Certifying Officer then generates and reviews, as applicable, an SPS 1166 Voucher and Schedule of Payments report. (Depending on the agency, this action may be automated.)</p>	<p>The payment schedule shall be generated to include applicable attributes required by the TFM and agency guidelines.</p> <p>The agency must comply with the Prompt Payment Act.</p> <p>Agencies must follow the applicable SPS user guide, Treasury Green Book, and current TFM guidance.</p> <p>The Certifying Officer must verify the TAS-BETC.</p> <p>Agencies may include up to 60 payment records per</p>	PMD-02 PMD-07 PMD-08 PMD-10 PMD-11 PMD-20 PMD-22 PMD-23 PMD-24 PMD-25 PMD-26 PMD-27 PMD-28 PMD-34 PMD-35 PMD-36

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>schedule.</p> <p>The agency must capture TAS information on payment records, up to 10 per schedule for a Non-Government-wide Accounting (Non-GWA) reporting agency and up to 100 TAS-BETCs for a GWA reporting agency.</p> <p>The schedule must be submitted to Treasury on the day it is generated.</p> <p>The agency must generate payment schedule totals by TAS/BETC for each payment file. In addition, they must combine payment schedules into a single file for transmission to Treasury with a summary total by the ALC and TAS for the entire file for certification purposes.</p>	
PM 3.4.1.7	Disbursements-in-Transit Recorded in General Ledger	Disbursements-in-Transit are recorded in the General Ledger when the schedule is generated.	<p>Agencies record the Disbursements-in-Transit General Ledger entries by the time the payment is certified by a Certifying Officer. If the schedule is not certified, then the Disbursements-in-Transit entry must be reversed.</p> <p>The entries are recorded in the general ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction code from the current TFM:</p>	PMD-15

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			TFM-B408 To reclassify payable schedules for disbursements to “in-transit” until the payment schedule is confirmed.	
PM 3.4.1.8	Submit Payment Bulk File to Treasury	The agency transmits an electronic (Bulk) payment file or Disbursing Office Schedule (EFT/ACH or Check) to Treasury. The payment information is reviewed for accuracy by a Certifying Officer or other qualified staff and then submitted to Treasury for pre-edit of the file to determine if the file can be processed.	<p>The agency must comply with the Prompt Payment Act.</p> <p>The agency compares the Disbursing Office Schedules to the supporting financial documents, as applicable, in order to verify the amount and number of payments.</p> <p>The file must be submitted to Treasury on the day it is generated.</p> <p>The check and EFT payment files must be exported in the current Treasury FMS defined formats.</p>	PMD-20
PM 3.4.1.9	Submitted Payment File	The electronic payment submission is received by Treasury and subjected to pre-edit procedures.	Agencies shall format payment files to comply with current Treasury data attributes and requirements.	
PM 3.4.1.10	Perform Edit Checks	Edit checks are applied to the payment file.	<p>Agencies shall format payment files to comply with current Treasury data attributes and requirements.</p> <p>Treasury will not process a file that does not pass edit checks. The agency will need to generate and transmit a new payment file for Treasury to process.</p>	
PM 3.4.1.11	Treasury Sends Acknowledgement	Treasury performs a review and pre-edit of the bulk payment file submitted by the agency. If the file is accepted for processing, Treasury		

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		generates a file control number that is sent as part of the acknowledgement to the agency.		
PM 3.4.1.12	Receipt of Acknowledgement	Notification is received by the agency from Treasury acknowledging that the file can be processed by Treasury. A control number is assigned to the bulk payment file by Treasury.	<p>The agency includes the control number in their submission of the corresponding SPS 1166 schedule voucher.</p> <p>If the agency does not receive acknowledgment that the bulk payment file has been accepted for processing, it must follow up with Treasury in order to identify and resolve any potential issue.</p>	
PM 3.4.1.13	Positive Acknowledgement?	If positive acknowledgement is received, the agency Certifies Payment. If positive acknowledgement is not received, issue(s) must be identified and resolved or the payment schedule is canceled.	<p>The agency will implement procedures for timely determination of positive versus negative acknowledgement.</p> <p>The process of certification is as follows: Upon receipt of the system acknowledgement from Treasury, the agency Data Entry Operator (DEO) accesses SPS and completes the SPS 1166 with the following:</p> <ul style="list-style-type: none"> <li>• Total amount of the file</li> <li>• Total number of payment records</li> <li>• ALC</li> <li>• Appropriation number (TAS-BETC)</li> <li>• Payment date</li> <li>• Payment schedule number(s),</li> </ul>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<ul style="list-style-type: none"> <li>Bulk file control number.</li> </ul> <p>Depending on the agency, this process may be automated, whereby the agency DEO uploads into SPS the SPS SF 1166 certification controls totals from the agency's Core Financial System.</p>	
PM 3.4.1.14	Agency Certifies Payment?	The agency determines whether to certify the payment file.	<p>The agency must comply with Title 31 U.S.C. 3528 for responsibilities of a Certifying Officer.</p> <p>After the DEO enters the SPS 1166 data in SPS, the agency Certifying Officer reviews the entries and then certifies the schedule or schedules of payments in SPS.</p>	
PM 3.4.1.15	Cancel Schedule	If positive acknowledgement is not received and any applicable issues cannot be resolved on a timely basis, the payment schedule is canceled.	<p>An agency can inform Treasury within one day to cancel payment of a previously certified payment.</p> <p>The agency shall institute and follow procedures for canceling payments in accordance with applicable SPS user guide and current TFM guidance.</p>	
PM 3.4.1.16	Reversal of Entries	<p>Once a payment schedule is canceled, the Disbursement-in-Transit General Ledger entries are reversed in the Core Financial System.</p> <p>If positive acknowledgement is not received, the schedule is canceled and the Disbursement-in-Transit General Ledger entries are</p>	<p>Agencies recorded the Disbursements-in-Transit General Ledger entries at the time the payment was certified by a Certifying Officer. If the schedule is not certified, then the Disbursements-in-Transit entry must be reversed.</p> <p>The entries are recorded in</p>	PMD-15 PMD-55

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		reversed. Similarly, if the agency declines to certify payment, the entries are reversed in the Core Financial System.	<p>the general ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-B408 To reclassify payable schedules for disbursements to “in-transit” until the payment schedule is confirmed.</p>	
PM 3.4.1.17	Certified Payment	The Certified SPS 1166 summary schedule is verified against its corresponding Bulk payment file.	Payment summary schedules are imported or entered in SPS by a DEO and certified in SPS by a Certifying Officer.	
PM 3.4.1.18	Is Bulk Payment File Accepted?	Bulk payment files that do not match corresponding SPS 1166s will be rejected by Treasury.		
PM 3.4.1.19	Resolve Issue	Finance performs applicable actions to resolve the issue.		
PM 3.4.1.20	Verification of Certification	Treasury receives the certified payment file from the agency and verifies the SPS 1166 certification against the bulk payment files.	<p>The agency must comply with Title 31, U.S.C. 3327.</p> <p>The SPS system automatically verifies the Certifying Officer and the ALC prior to the time of certification. If the Certifying Officer and the ALC are not properly linked, the Certifying Officer cannot certify the payment schedule.</p>	
PM 3.4.1.21	Bulk File Matches SPS 1166?	Treasury compares key totals for the Bulk File to the SPS 1166.	Treasury verifies integrity of certified payment information for completed matches between the payment amount, schedule number(s), and item count. If the payment file and SPS	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			1166 do not match, then the file and certification are rejected and the General Ledger entries are reversed in the agency's Core Financial System.	
PM 3.4.1.22	Release Payment	If the certified payment information in the payment (Check or EFT/ACH) and the bulk file match, then the payments are released for disbursement.	Once the payment process is completed, Treasury records confirmation of disbursement for agency access.	
PM 3.4.1.23	Offset	<p>After receipt, acceptance and issuing payment numbers, but prior to releasing the payment to the payee, the payment file is sent through the Treasury Offset Program.</p> <p>If a debt is owed by the payee, the payment due is offset and, if applicable, any residual amount is sent to the payee. If no debt is owed, the payment is made in full.</p>	The agency must follow Treasury guidance and applicable procedures for the Treasury Offset programs (PL 104-134-APR 26, 1996, 31 CFR 285, 900-904, 5 CFR 550).	
PM 3.4.1.24	Payee Receives Payment	EFTs are sent to the appropriate Federal Reserve Bank (FRB). Checks are mailed through the Postal Service to the payee.	<p>Fund transfers are sent to the appropriate FRB.</p> <p>Under best business practices, EFT is the preferred method of payment.</p>	
PM 3.4.1.25	Agency Records the Confirmation	Electronic confirmation is made available to the agency from Treasury. Information provided includes acknowledgement of the disbursement of the certified payment schedule, schedule number and check/trace number.	<p>Treasury makes available to the agency through the Government-wide Accounting (GWA) Treasury Disbursing Office (TDO) Support Listings an electronic confirmation of disbursement of the certified payment schedule.</p> <p>The agency receives this confirmation, which triggers changing the status of the Disbursements-in-Transit to</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>a Disbursement in the General Ledger.</p> <p>The agency should record the schedule number and check/trace number received from Treasury.</p>	
PM 3.4.1.26	Mark Payment Request Paid	General Ledger impact is recorded based on system-generated disbursement confirmation.	The agency marks the payment request and/or line items paid in the Core Financial System, which occurs simultaneously with the Disbursement of “Fund Balance Records in to General Ledger” step PM 3.4.1.27.	
PM 3.4.1.27	Disbursement of Fund Balance Records in General Ledger	Once disbursed, the Paid Disbursement Voucher supports updating of the General Ledger and the Fund Balance with Treasury (FBWT).	<p>The entries are recorded in the general ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-B110 To record a confirmed disbursement schedule.</p>	PMD-39

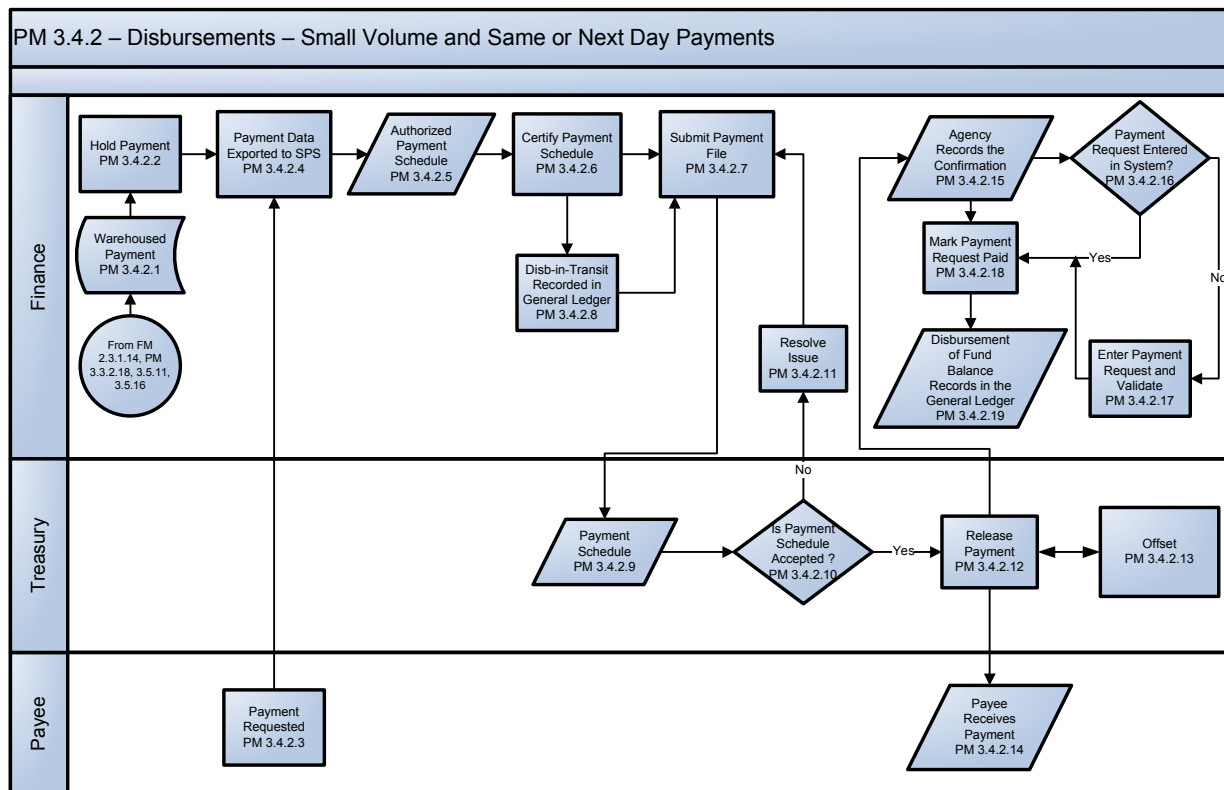


## 3.4.2 DISBURSEMENTS FOR SMALL VOLUME AND SAME OR NEXT DAY PAYMENTS

Same or next day payments are expedited in order to be disbursed more quickly than those included in bulk files submitted by agencies for disbursement. Agencies would typically expedite disbursements for these types of payments more quickly than bulk file payments in the case of emergencies. Under these circumstances the originating agency must have the funds deposited in the payee's account on the same date as the certification of the payment. These types of small volume or same/next day payments are typically processed through Fedwire and are notable for high dollar low volume payments.

The following flowchart provides the steps relating to the submission of a small volume payments file, same or next day payments to Treasury, certification of payment, release of payment and the confirmation of disbursement.

### ***PM 3.4.2 - Small Volume and Same or Next Day Payments Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Disbursements – Small Volume and Same or Next Day Payments process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.4.2.1	Warehoused Payment	Upon certification of payments, the payment is warehoused awaiting scheduled payment in accordance with contract terms. These payments are queued based on due date for compliance with the Prompt Payment Act. A Preliminary Payment Register and Batch Report are run and the data is reviewed by the certifying official to ensure the information is accurate and complete.	The agency must comply with the Prompt Payment Act.	
PM 3.4.2.2	Hold Payment	Warehoused small volume same or next day payments are placed on hold.	Warehoused payments that are going to use the small volume or next day payment process should be placed on hold in the system to keep them from being selected in the automated payment process to prevent duplicate payment.	
PM 3.4.2.3	Payment Requested	The payee requests the agency to make a payment that is not already a warehoused payment.	<p>Internal control steps should be in place to supplement automated controls when manual processing of payment schedules is performed.</p> <p>The Certifying Officer must verify the TAS-BETC of the scheduled payment as applicable.</p> <p>Treasury requires that payments submitted for Same Day Payment Request (SDPR) include TINs. When the SDPR is submitted, Treasury will validate the TIN against the</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>debtor database. If it is determined that the TIN has debt to the Federal government, the agency is informed that the payee has been identified as having a “federal debt”.</p> <p>Agencies have the option to change the payment to next day ACH, check payment or submit the payment for SDPR.</p>	
PM 3.4.2.4	Payment Data Exported to SPS	<p>The DEO exports the payment data to SPS, through a small volume upload process.</p> <p>Alternatively, the payment data may be manually entered into SPS.</p> <p>The payment data is imported or entered and processed in the Treasury SPS system.</p>	<p>The agency must comply with the Prompt Payment Act.</p> <p>Agencies must follow the applicable SPS user guide, and current TFM guidance.</p> <p>Agencies may include up to 60 payment records per schedule.</p> <p>The agency must capture TAS information on payment records, up to 10 per schedule for a Non-Government-wide Accounting (Non-GWA) reporting agency and up to 100 TAS-BETCs for a GWA reporting agency.</p> <p>The SPS 1166 schedule must contain the following:</p> <ul style="list-style-type: none"> <li>• Total amount of the schedule</li> <li>• Total number of payment records</li> <li>• ALC</li> </ul>	PMD-31

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<ul style="list-style-type: none"> <li>• Appropriation number (TAS-BETC)</li> <li>• Payment date,</li> <li>• Payment schedule number.</li> </ul>	
PM 3.4.2.5	Authorized Payment Schedule	A document is generated to support the entry into SPS for the payment. This document will be used to record the Disbursements-in-Transit entries into the system.		
PM 3.4.2.6	Certify Payment Schedule	<p>The agency DEO accesses SPS and imports payment records or enters the payment records online into the Treasury Type A SPS 1166 schedule voucher function.</p> <p>The payment schedule is imported or entered and processed in the Treasury SPS system.</p>	<p>The agency will comply with Title 31 U.S.C. 3528.</p> <p>The Certifying Officer must verify the TAS-BETC.</p> <p>The CO verifies the entries and then certifies the schedule(s), for submission to SPS.</p>	
PM 3.4.2.7	Submit Payment File	Once the Certifying Officer certifies the schedule, it is automatically transmitted to Treasury.	<p>Agencies must follow applicable SPS user guide and TFM guidance.</p> <p>Payment summary schedules are imported in SPS by a DEO and certified in SPS by a Certifying Officer.</p>	
PM 3.4.2.8	Disbursements-in-Transit Recorded in General Ledger	Disbursements-in-Transit is recorded in the General Ledger when the schedule is generated.	<p>Agencies record the Disbursements-in-Transit General Ledger entries by the time the payment is certified by a Certifying Officer. If the schedule is not certified, then the Disbursements-in-Transit entry must be reversed.</p> <p>The entries are recorded in the general ledger using the</p>	PMD-15

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>USSGL Account Transaction Listing provided in the current TFM.</p> <p>Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-B408 To reclassify payable schedules for disbursements to “in-transit” until the payment schedule is confirmed.</p>	
PM 3.4.2.9	Payment Schedule	The transmitted file that is sent to Treasury contains the information needed for issuing the payment.	An agency can inform Treasury within one day to cancel payment of a previously certified payment.	
PM 3.4.2.10	Is Payment Schedule Accepted?	The certified SPS 1166 summary schedule is verified against its corresponding Bulk payment file. Bulk payment files that do not match corresponding SPS 1166s will be rejected by FMS.		
PM 3.4.2.11	Resolve Issue	Finance performs applicable actions to resolve the issue.		
PM 3.4.2.12	Release Payment	<p>The transmitted file (payment schedule) is edited for accuracy and the payment is issued.</p> <p>If the agency has used a duplicate schedule number and ALC, or the ALC and CO are not linked and active in SPS, then the schedule will be rejected. The summary total for amounts and items must also be accurate.</p>	<p>The agency must schedule and disburse U.S. dollar payments (Treasury SPS 1166) through the Treasury’s SPS, containing up to the limit of 60 payments per schedule.</p> <p>Agencies will comply with Title 31, Chapter 33, Subchapter II (a), U.S.C. 3325.</p> <p>The SPS system automatically verifies the</p>	PMD-30

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			Certifying Officer and ALC prior to the time of certification. If the Certifying Officer and ALC are not properly linked, the Certifying Officer will only be able to view the payment schedule and will be unable to certify it.	
PM 3.4.2.13	Offset	<p>After receipt, acceptance and issuing payment numbers, but prior to releasing the payment to the payee, the payment file is sent through the Treasury Offset Program.</p> <p>If a debt is owed by the payee, the payment due is offset and, if applicable, any residual amount is sent to the payee. If no debt is owed, the payment is made in full.</p>	The agency must follow Treasury guidance and applicable procedures for the Treasury Offset programs (PL 104-134-APR 26, 1996, 31 CFR 285, 900-904, 5 CFR 550).	
PM 3.4.2.14	Payee Receives Payment	EFTs are sent to the appropriate Federal Reserve Bank (FRB). Checks are mailed through the Postal Service to the payee.	<p>Funds transfers are sent to the appropriate FRB.</p> <p>Under best business practices, EFT is the preferred method of payment.</p>	
PM 3.4.2.15	Agency Records the Confirmation	Electronic confirmation is made available to the agency from Treasury. Information provided includes acknowledgement of the disbursement of the certified payment schedule, schedule number, and check/trace number.	<p>The agency receives this confirmation, which triggers changing the status of the Disbursements-in-Transit to a disbursement in the General Ledger.</p> <p>Treasury makes available to the agency, through the Government-wide Accounting (GWA) Treasury Disbursing Office (TDO) Support Listings, an electronic confirmation of disbursement of the certified payment schedule.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>The agency receives this confirmation, which triggers changing the status of the Disbursements-in-Transit to a disbursement in the General Ledger.</p> <p>The agency should record the schedule number and check/trace number received from Treasury.</p>	
PM 3.4.2.16	Payment Request Entered in System?	The agency determines whether the payment request results from a warehoused payment that had been previously entered into the Core Financial System.		
PM 3.4.2.17	Enter Payment Request and Validate	A payment request is entered in the system by Finance and validated against the payment schedule to record the information related to the payment request for items that did not come through the standard payment request process.	<p>The Finance official makes sure the payment is not a duplicate request.</p> <p>Under best business practices, payment requests should be submitted electronically.</p> <p>If the payment request has not been entered into the system, the payment request will be entered and manually approved for payment and marked as paid.</p>	
PM 3.4.2.18	Mark Payment Request Paid	General Ledger impact is recorded based on system-generated disbursement confirmation.	The agency marks the payment request and/or line items paid in the Core Financial System, which occurs simultaneously with the Disbursement of Fund Balance Records in General Ledger in step PM 3.4.2.19.	
PM 3.4.2.19	Disbursement of Fund Balance Records in the	Once disbursed, the voucher supports updating of the General Ledger and the Fund	The entries are recorded using the USSGL Account Transaction Listing	PMD-39

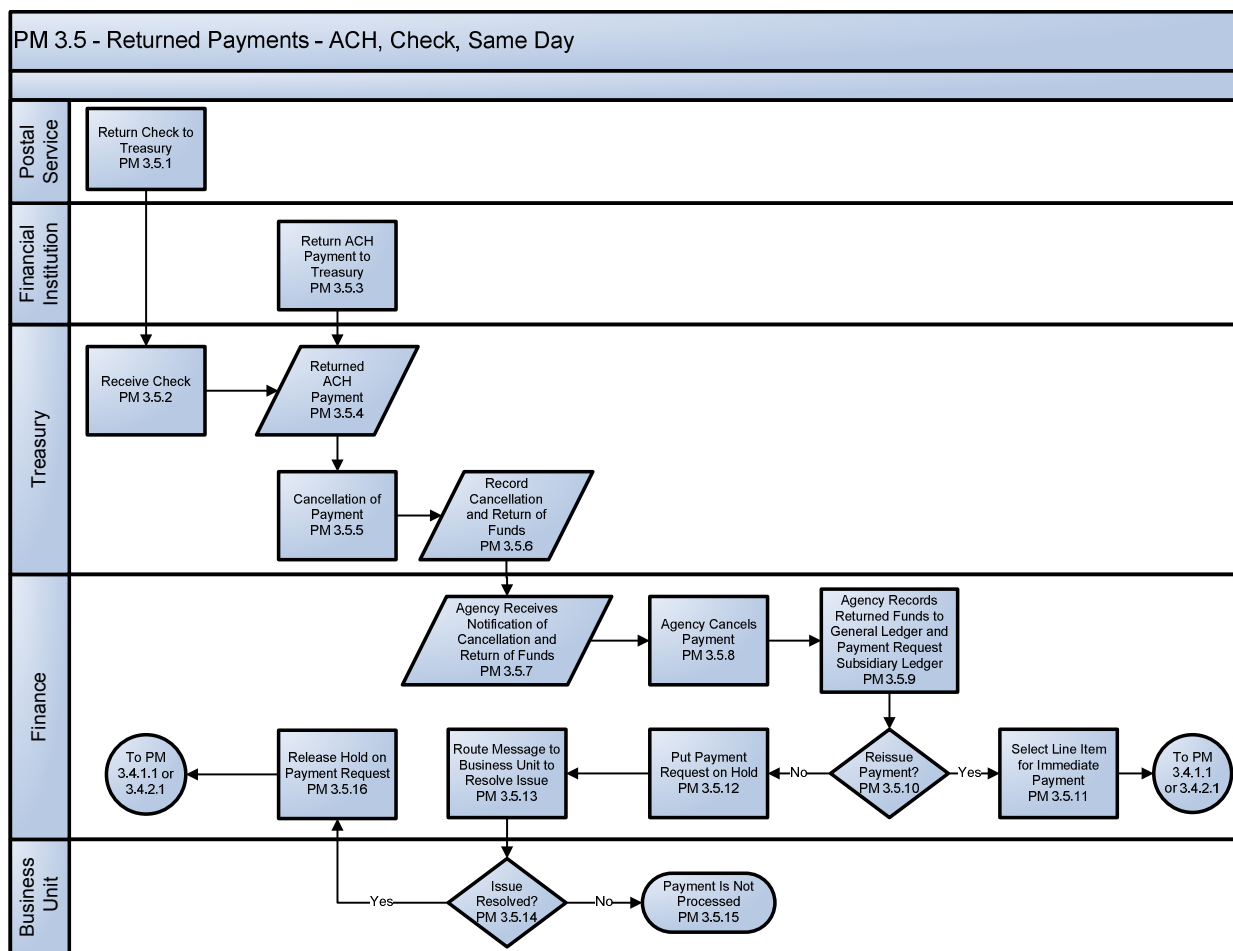
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	General Ledger	Balance with Treasury (FBWT).	<p>provided in the current TFM for the payment of advances and pre-paid expenses, as applicable.</p> <p>Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-B110 To record a confirmed disbursement schedule.</p>	



## 3.5 RETURNED PAYMENTS – ACH, CHECK, SAME DAY

Use of EFT represents the best practice for making governmental payments. Payments can be returned to the Treasury due to issues such as lack of a correct address, death of the payee, or an invalid ACH account. This section presents key steps for the cancellation and return of payments from Treasury to the agency. All returned and canceled payments include: checks, ACH, CTX, CCD, CCD+ and Fedwire.

### *PM 3.5 Returned Payments - ACH, Check, Same Day Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

The Payment Management Returned Payments process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
PM 3.5.1	Return Check to Treasury	<p>A check payment is returned to Treasury by the U.S. Postal Service when there is an incorrect or incomplete address, or death of the payee.</p> <p>Check payments may also be withheld from being mailed at the request of the agency authorizing the payments.</p>	Agencies must follow applicable TFM guidance.	
PM 3.5.2	Receive Check Payment	Treasury receives the check payment.		
PM 3.5.3	Return ACH Payment to Treasury	<p>Payments processed through the Government Automated Clearing House (ACH), which include CTX, CCD, CCD+ and Fedwire, are returned when payments cannot be recorded to a valid account.</p> <p>ACH payments may be withheld by Treasury from submission to the applicable Financial Institution at the request of the agency authorizing the payments.</p>	Financial Institutions, agencies, and the vendor/payee must follow applicable 31 CFR Part 210, Federal Participation in ACH guidance.	
PM 3.5.4	Returned ACH Payment	Treasury receives the returned ACH Payment.		
PM 3.5.5	Cancellation of Payment	ACH and Check Payments are immediately canceled upon receipt by Treasury.		PMD-55
PM 3.5.6	Record Cancellation and Return of Funds	Payment cancellation and the return of funds are recorded by Treasury to the agency's account.		
PM 3.5.7	Agency Receives Notification of	Electronic confirmation is made available to the agency from Treasury acknowledging payment	Agencies shall institute and follow procedures for confirming payment cancellations and return of funds.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Cancellation and Return of Funds	cancellation and return of funds.		
PM 3.5.8	Agency Cancels Payment	The agency cancels the payment in the Core Financial System.		
PM 3.5.9	Agency Records Returned Funds to General Ledger and Payment Request Subsidiary Ledger	A transaction is recorded to the General Ledger and payment request subsidiary ledger to reflect the applicable funds returned by Treasury.	The entries are recorded to the General Ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the payment balance.	PMD-55
PM 3.5.10	Reissue Payment?	Finance will determine if the payment can be reissued.	Determinations must be made within guidelines and requirements of applicable laws and regulations, including the Prompt Pay Act and FAR.	
PM 3.5.11	Select Line Item for Immediate Payment	If the payment can be reissued, specific line items to be paid are identified.		
PM 3.5.12	Put Payment Request on Hold	If the payment cannot be reissued, the payment request is put on hold.	Putting a payment request on hold must be done in accordance with applicable laws and regulations, rules, and agency guidelines (e.g., FAR, agency policies and procedures), including the Prompt Payment Act.	
PM 3.5.13	Route Message to Business Unit to Resolve Issue	A message is routed to the Business Unit of the issue and the final disposition of the payment is determined.	The Core Financial System should automatically identify and route a message to applicable personnel of open issues related to payment requests.  Applicable personnel must take appropriate actions within Prompt Payment Act requirements.	
PM 3.5.14	Issue Resolved?	The Business Unit performs the necessary actions to resolve the payment issue and, as applicable, provides	The agency shall comply with the Prompt Payment Act, SPS user guide, and current TFM guidance.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		the information required to resubmit the payment request.		
PM 3.5.15	Payment Is Not Processed	If the issue is not resolved, the payment is not processed.		
PM 3.5.16	Release Hold on Payment Request	If the issue is resolved, the hold on the payment request is released.	The agency must calculate the due date of payee payments in accordance with 5 CFR 1315 (OMB Circular A-125, Prompt Payment) key factors (e.g., commodity type, contract terms, invoice receipt date).	PMD-01

## 3.6 DATA OBJECTS AND DATA ELEMENTS

**THIS SECTION IS CURRENTLY UNDER DEVELOPMENT WITH  
TREASURY FMS**

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# Receivables Management Processes

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## 4.0 RECEIVABLES MANAGEMENT PROCESSES

This chapter provides best practice business processes for administering and managing receivables due from the public, excluding reimbursable activity.

The benefits of effective Receivables Management include:

- Improved revenue recognition;
- Improved cash flow;
- Reduced loss due to bad debts; and
- Reduced administrative cost for the revenue life cycle.

The Receivables Management process flowcharts and corresponding step descriptions and business rules were developed in accordance with Treasury's *Managing Federal Receivables* guidance. Other applicable guidance for Receivables Management includes the Treasury Financial Manual (TFM), Core Financial System Requirements (CFSR), the Debt Collection Improvement Act of 1996 (DCIA), Office of Management and Budget (OMB) Circular A-129, applicable Internal Revenue Service (IRS) regulations, and the Federal Claims Collection Standards. In most instances, where specific rules apply to a process step, the applicable guidance is referenced.

The Receivables Management processes detailed in this chapter are:

- RM 4.1 – Establish Accounts Receivable Due From the Public. This section provides the steps agencies should follow in order to create or edit customer information within the Core Financial System. This section also addresses proper internal controls, including separation of duties and appropriate levels of review and approval, for the establishment of accounts receivable.
- RM 4.2 – Analyze Accounts Receivable. This section provides the process of analyzing accounts receivable for the purpose of determining age, status, and collection probability by specific account in order to facilitate effective management of the account.
- RM 4.3 – Billing. This section provides the process to generate a bill. Bills are created based on agency-specific business rules and are generated automatically based on established billing frequency.
- RM 4.4 – Collection of Receipts. This section provides the process for receiving and controlling monies collected on associated debts, and recording in the general ledger.
- RM 4.5 – Application of Receipts. This section provides the process for the application of monies collected.

- RM 4.6 – Delinquent Debt Processes.
  - RM 4.6.1 – Dunning. This section provides the process of communicating with customers to enhance to collection of delinquent accounts receivable. The purpose of this process is to inform customers of their responsibilities to the agency as well as protect the agency's rights to that debt. The dunning process also serves to inform the customer of the consequences for noncompliance with the payment terms and/or revisions to those terms in the form of interest, administrative costs, and penalties, where applicable.
  - RM 4.6.2 – Delinquent Debt Collection. This section provides debt collection tools available to assist agencies to collect debts for those customer/debtor accounts that have become delinquent. Delinquent debt collection is the process through which agencies restore the delinquent debts to current status or, if unsuccessful, maximize collection on the agency's accounts.
- RM 4.7 – Allowance for Loss on Accounts Receivable. This section provides the process an agency uses to determine and record an allowance for loss on accounts receivable. The allowance calculation is used for financial statement presentation purposes and to provide information for internal management decisions on agency-specific debt collection policies and procedures.
- RM 4.8 – Write-off of Accounts Receivable. This section provides the process to determine whether an account should be written off, perform the write-off, and determine subsequent action. Subsequent action may include active or passive collection action on the debt, close-out the debt (and obtain FMS or Department of Justice approval for close out where applicable), report cancellation of debt to the IRS, and notify the customer/debtor of cancellation.
- RM 4.9 – Issue Credit Memo. This section provides the process to determine appropriate action in the event of overpayments, returns, or adjustments to customer accounts. Note: agencies may apply excess amounts received to open receivables or offset the next scheduled receivable.
- RM 4.10 – Return of a Negotiable Instrument. This section provides the process to determine appropriate action in the event a negotiable instrument is returned uncollected to an agency. Examples of returned negotiable instruments are insufficient funds, closed customer/debtor accounts, stop payment, and disputed credit or debit charges.
- RM 4.11 – Waiver of Interest, Administrative Costs, and Penalties. This section provides the process to waive interest, administrative costs, and penalties. Procedures to identify delinquent customer accounts and the criteria to determine waivers are discussed.
- RM 4.12 – Installment Plans. This section provides the process for offering installment plans when a debtor's inability to pay claims is substantiated. This section also provides for the transmission of an agreement to the customer/debtor, agency determination of customer acceptance or non-acceptance of an installment plan, and the appropriate general ledger entries.

The steps within the above processes are depicted in corresponding flowcharts. Following each flowchart are descriptions of the processes and steps and related business rules.

Included in the scope, from the **billing perspective**, of this chapter are the following:

- Employee Overpayments
- Vendor Overpayments
- Relocation



- Judgments (Accident Claims)
- Fines
- Penalties
- Employee Training Reimbursement
- Insufficient Funds
- Non-Reimbursable Sale of Goods or Services (User Fees)
- Sharing Agreements
- Employee Travel (Advances) (to be used only on an exception basis)

Included in the scope, from the **collections perspective**, of this chapter are the following:

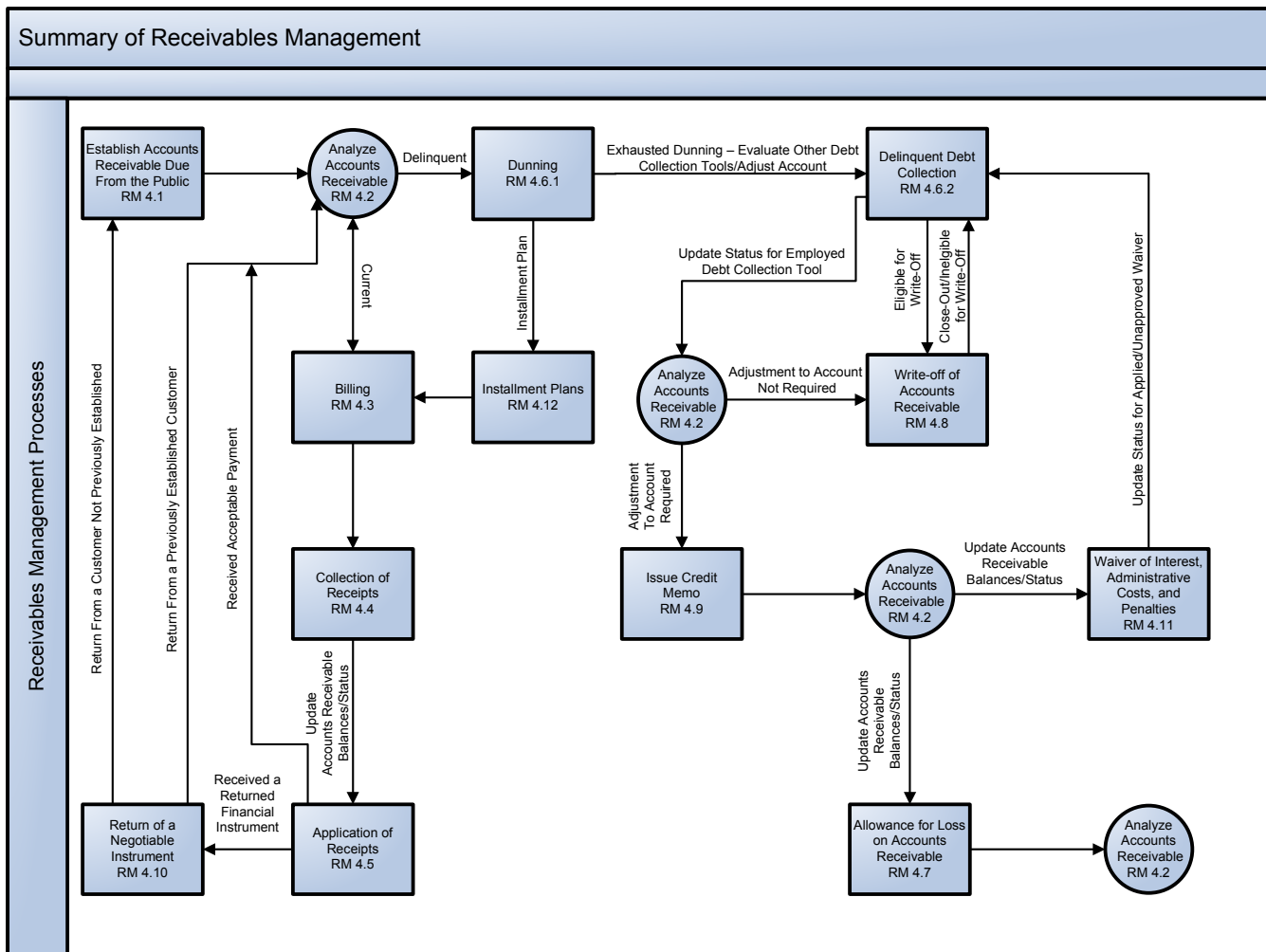
- Billed Receivables
- Concession Rents
- Unbilled Overpayments
- Credit Management/Debt Collection Cycle
- Interest
- Penalties
- Asset Sales
- Administrative Wage Garnishment
- Sale of Goods and Services
- Application Fees
- Industrial Funding Fees
- Freedom of Information Act
- Miscellaneous Receipts
- User Fees
- Auction Receipts
- Rebates
- Sharing Agreements

Excluded from the scope of this chapter are the following:

- Reimbursable Activity
- Transactions in Foreign Currency

- Non-Monetary Exchange Transactions
- Investments
- Leases
- Program Overpayments Not Processed in the Core Financial System
- Trust Fund Programs
- Intra-Governmental Payment and Collection (IPAC) Transactions
- Credit Reform (Including Direct and Guaranteed Loans)
- Grants
- Gifts
- Treasury and Department Of Justice (DOJ) Cross Servicing
- Benefit Overpayments
- Tax Receivables and Duties
- Donations
- Internal Offsets
- Administrative Offsets with Accounts Payable

The following flowchart depicts the sequence and inter-relationship of the Receivables Management Processes:

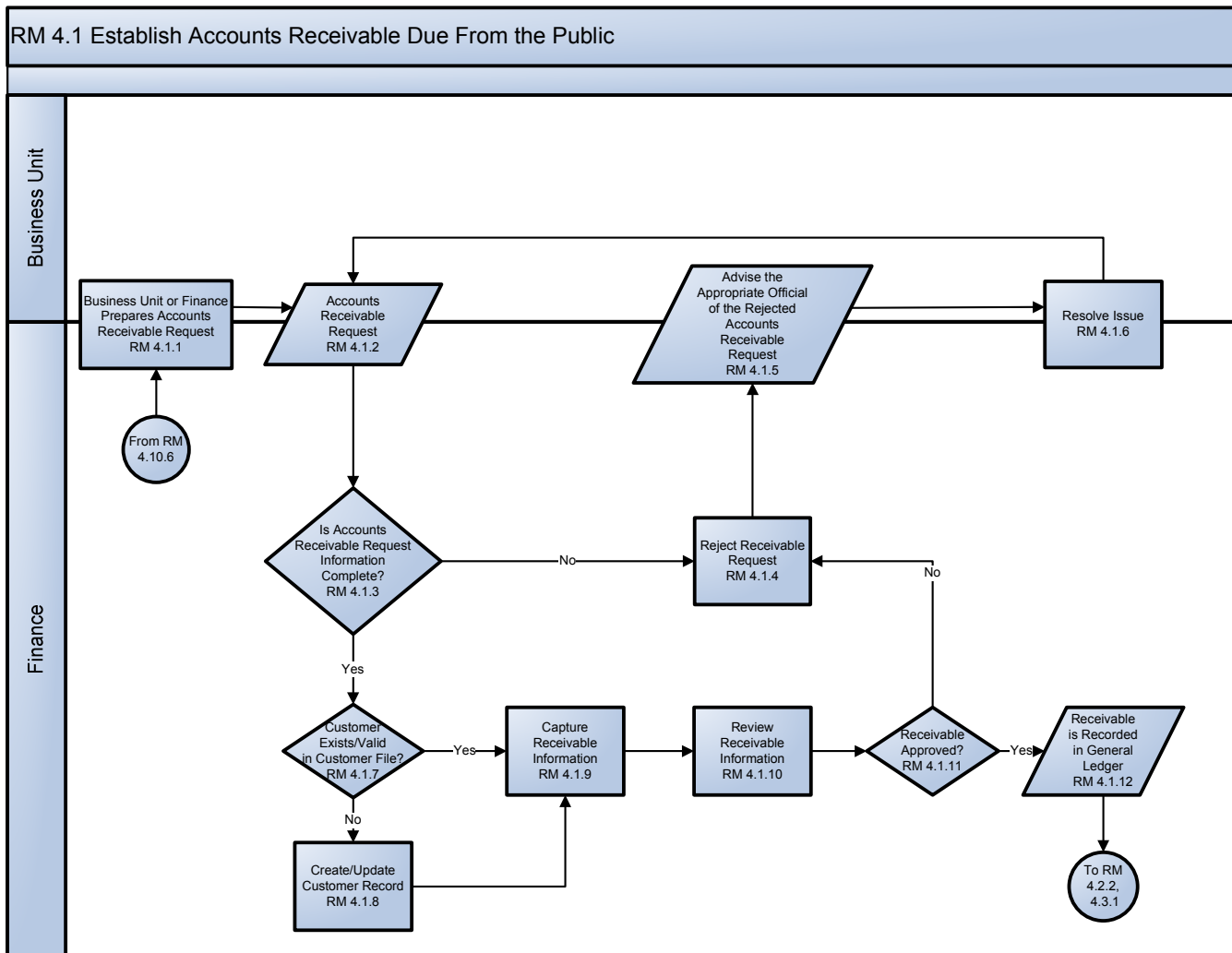


See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

## 4.1 ESTABLISH ACCOUNTS RECEIVABLE DUE FROM THE PUBLIC

This section provides the process for establishing accounts receivables due from the public. The steps in the flowchart include the submission of accounts receivable requests; the creation, review, and validation of customer information; and the establishment of a receivable in the Core Financial System.

### *RM 4.1 – Establish Accounts Receivable Due From the Public Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Establish Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.1.1	Business Unit or Finance Prepares Accounts Receivable Request	A triggering event (e.g., sale of goods or services, change in status of an advance) occurs creating the need for a receivable to be established in the Core Financial System. The request could represent the need to establish a single receivable or multiple receivables.	<p>The request may be entered or interfaced to the Core Financial System.</p> <p>An image of the documentation supporting the receivable request shall be maintained in electronic or hard copy form, as applicable.</p>	
RM 4.1.2	Accounts Receivable Request	The accounts receivable request contains the necessary information to establish a receivable. This information will be maintained throughout the life of a receivable to include verifying, reviewing and capturing vendor or customer information, performing calculations, and generating bills, as applicable.	<p>The Business Unit or Finance provides the following data elements to establish a receivable, as applicable:</p> <ul style="list-style-type: none"> <li>• Receivable Type (sale of goods or services, overpayments, unused advances subject to refund, fees, and fines);</li> <li>• Dates of Performance;</li> <li>• Customer Information;</li> <li>• Terms;</li> <li>• Item Type to be Billed;</li> <li>• Amounts to be Billed;</li> <li>• Accounting classification elements;</li> <li>• Date Receivable Established;</li> <li>• Customer P.O. Number;</li> <li>• Description of Goods and/or Services; and</li> <li>• Unit of measure and quantity.</li> </ul> <p>The Business Unit or Finance, depending on the origination point for the request, maintains documentation to support the billing request.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.1.3	Is Accounts Receivable Request Information Complete?	Review accounts receivable request information for completeness.	Verify that the minimum required data elements are provided (see RM step 4.1.2).	
RM 4.1.4	Reject Receivable Request	Return request for accounts receivable to applicable functional area for additional information/authorization.	Missing information is identified, and upon review it is noted that the request is incomplete.  The agency should track the status of rejected receivable requests.	
RM 4.1.5	Advise the Appropriate Official of the Rejected Accounts Receivable Request	Advisement of the rejected accounts receivable request is generated and routed to applicable responsible parties.	Advisement of the rejected accounts receivable request is sent to the appropriate official.  The originator will receive notification specifying the missing information or actions required to prepare a complete and valid request. (See business rule for step 4.1.2 for the list of data elements to establish a receivable. Please note the data elements in step 4.1.2 are only required, as applicable.)	
RM 4.1.6	Resolve Issue	The responsible Business Unit/Finance corrects the document by providing valid data elements needed to complete the receivable request.		
RM 4.1.7	Customer Exists/Valid in Customer File?	The accounts receivable request is reviewed to determine whether a complete customer record exists in the Customer File and that the data matches between the accounts receivable request and the customer record.	A customer record must be maintained for each entity that owes the agency a debt. (e.g., contractors, employees).  Finance personnel must perform procedures to ensure that new accounts receivable requests for debarred customers are rejected and not entered into the Core Financial System.	
RM 4.1.8	Create/Update Customer Record	If a customer record does not exist, the record is created.	Agencies must implement procedures for proper segregation of duties between the person creating a	RMA-01 RMA-02 RMA-03

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		Data on the receivable request is compared to data in the agency customer database. If information does not match, correct the customer information, as appropriate.	<p>customer record and the person creating a receivable record.</p> <p>The customer information maintenance process involves the maintenance of customer information (name, address, etc.) and identification of the type of customer from which collection is due, as well as other critical information related to the customer that is needed for receivable processing, maintenance, and collection. The process ensures that customer TINs are captured in order to report overdue receivables for potential offset and to provide for IRS Form 1099 reporting of debts written off.</p> <p>To support the customer information maintenance process, the Core Financial System must provide automated functionality to maintain customer information to support receivable management processes as referenced in RMA-01 (not all of the information from RMA-01 is listed as some are specific to Federal receivables. For a complete list of the elements, see CFSR RMA-01) including the following:</p> <ul style="list-style-type: none"> <li>• Customer name;</li> <li>• Customer ID number;</li> <li>• Customer type (commercial, or consumer);</li> <li>• Billing method (1081, paper bill, or other);</li> <li>• TIN;</li> <li>• Customer address;</li> <li>• Customer contact name;</li> <li>• Customer contact telephone number;</li> </ul>	RMA-04 RMA-05 RMA-06 RMA-07

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<ul style="list-style-type: none"> <li>• Customer contact e-mail address;</li> <li>• IRS 1099-C indicator;</li> <li>• Third-party payer name;</li> <li>• Third-party payer address;</li> <li>• Third-party payer contact name;</li> <li>• Third-party payer contact telephone number;</li> <li>• Comment field;</li> <li>• DUNS+4 number; and</li> <li>• Active/Inactive indicator.</li> </ul> <p>Agencies must perform continuous periodic review to determine if customer record information is accurate, valid, and complete. All customer records must contain the data elements listed in the referenced CFSR.</p>	
RM 4.1.9	Capture Receivable Information	<p>Capture information required to establish a receivable. (See RM 4.1.2 business rule for list of data element to establish a receivable).</p> <p>The captured data populates the detailed subsidiary record and is used to populate the general ledger accounts receivable record. Note: See RM 4.1.12 for the recording of the receivable to the general ledger.</p>	<p>The Core Financial System validates that data meets required formats and other applicable tests of validity.</p> <p>Information must be captured to detail multiple customers/debtors who are liable for an agency accounts receivable.</p> <p>Processes and procedures for establishing a receivable include verifying, reviewing and capturing receivable and customer information, and performing calculations for receivable balances at the line item level as well as in total.</p>	RMB-03 RMB-04



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.1.10	Review Receivable Information	The established accounts receivable is reviewed and validated by the designated individual(s).	<p>The receivable is reviewed to ensure the data entered into the Core Financial System matches the accounts receivable supporting documentation.</p> <p>Agencies must establish and implement policies and procedures incorporating sound internal controls to allow for appropriate levels of review prior to the establishment of a receivable. Note: Not all receivables are required to be reviewed. Agency policies and procedures (including thresholds) should govern the need for the review of a receivable.</p>	TLE-03
RM 4.1.11	Receivable Approved?	A receivable record is approved prior to recording in the general ledger.		

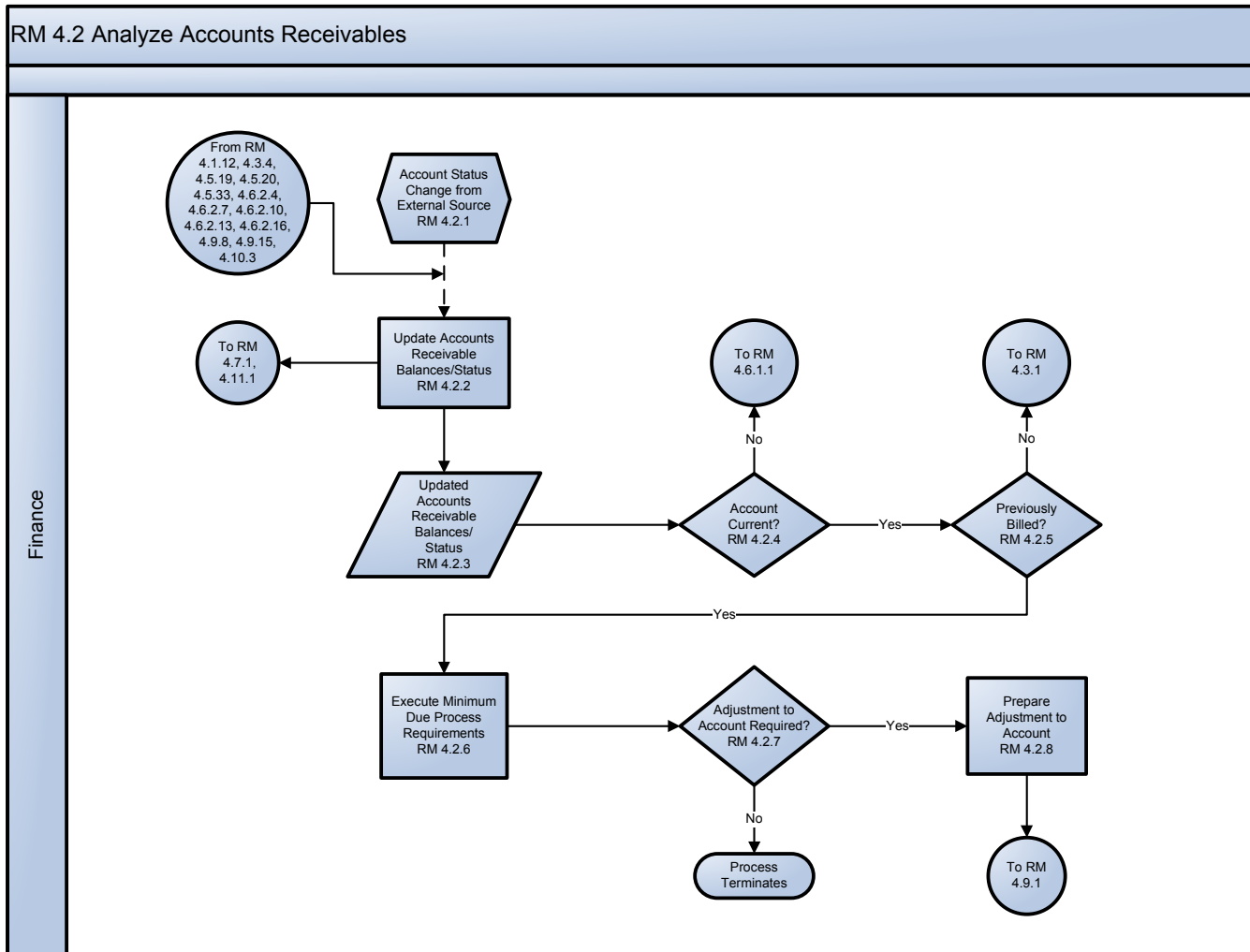
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.1.12	Receivable is Recorded in General Ledger	Record general ledger entries to reflect that all receivable data has been processed along with other pertinent financial information needed to update the general ledger. Updating the general ledger includes recording the accounting event as debit and credit entries to both proprietary and budgetary general ledger accounts.	<p>An agency must record entries for receivables that have yet to be billed.</p> <p>Agency policies and procedures should determine the frequency in which actions are performed.</p> <p>The entries are recorded using the United States Standard General Ledger (USSGL) Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C420: To record accrued revenue from non-Federal sources other than for reimbursable agreements, non-revolving trust funds, special funds, and custodial activity.</p> <p>TFM-C422: To record accrued revenue from Federal or non-Federal sources for non-revolving trust funds and special funds.</p> <p>TFM-C414: To record refund receivables from nonfederal sources for assets or expenses that do not create budgetary resources until collected.</p> <p>TFM-C644: To record a receivable from a non-Federal entity for the sale or disposition of assets other than personal properties and investments.</p>	RMB-01 RMB-03 RMB-04 GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-02 SMB-33

## 4.2 Analyze Accounts Receivable

The section provides the business process flow to analyze a receivable due from the public, determine its status, and decide on applicable actions to be taken to resolve an issue and/or adjust a balance. After the receivable is created, the analysis process commences and continues. The process for performing analysis of outstanding receivable balances includes receivables represented by individual subsidiary level accounts, general ledger accounts (primarily the account 1300 series), and transaction records used to update the accounts, as needed. The analysis process assumes that the accounts and record maintenance is current. Analysis triggers a range of business events aimed at furthering collection, fair-valuation and/or resolution of outstanding balances, in accordance with Federal management guidance and compliance requirements. Although the process assumes that accounts and records are in a current status, agencies may consider, when appropriate, applicable delinquent debt collection tools illustrated in RM 4.6.1 Dunning (installment plans or compromise agreements) and/or RM 4.6.2 Delinquent Debt Collection (non-centralized administrative offset, wage garnishment, or referral to applicable legal function), to facilitate collection on the debt, within the first 30 days of the debt life cycle.

The following flowchart provides key steps in the processes used by agencies to maintain and analyze accounts receivable; the flowchart represents an iterative process. External sources and other processes such as collections, hearing requests and bankruptcies could affect the status, action taken, or disposition of the receivable and consequently affect the Dunning and Write-Off processes. Many of the business rules included below are from Treasury's *Managing Federal Receivables* guidance, which can be found at ([http://www.fms.treas.gov/debt/Guidance\\_MFR.html](http://www.fms.treas.gov/debt/Guidance_MFR.html)).

## RM 4.2 – Analyze Accounts Receivable Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Analyze Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.2.1	Account Status Change from External Source	<p>Entities external to the agency may send/transmit/communicate changes in status applicable to agency accounts receivable.</p> <p>Examples where external sources initiate the process are bankruptcy and a novation due to sale of a company.</p>	<p>Changes to the status of outstanding receivables received from external sources must be in accordance with Treasury debt management guidance and agency policies and procedures. Agency Financial Management personnel are responsible for reviewing proposed status changes to customer accounts, executing such changes, and resolving conflicts where applicable in accordance with agency policies and procedures.</p>	
RM 4.2.2	Update Accounts Receivable Balances/Status	<p>Accounts receivable balances and status are updated based on inputs originating either internally or externally to the agency.</p>	<p>Accounts receivable records, balances, and statuses are updated based on various events.</p> <p>Receivable adjustments may include:</p> <ul style="list-style-type: none"> <li>• Application of Collections; and</li> <li>• Adjustments.</li> </ul> <p>Statuses change due to:</p> <ul style="list-style-type: none"> <li>• Billing (from unbilled to billed);</li> <li>• The passage of time (from current to delinquent); and</li> <li>• Events that change a delinquency status (e.g., bankruptcy, referral, etc).</li> </ul> <p>Capture applicable transaction information in the subsidiary ledger and record applicable transactions to the general ledger to reflect the change in accounts receivable balances/status.</p>	<p>RMB-02 RMB-18 RMD-01 RMD-02 RMD-06</p>
RM 4.2.3	Updated Accounts Receivable Balances/Status	<p>Updated accounts receivable balances/status result from the process of applying updates.</p>		
RM 4.2.4	Account	<p>Each account must be evaluated based on status</p>	<p>Best practice is to review the status of accounts receivable balances on a</p>	RMC-08

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Current?	<p>and/or aging as well as agency debt collection procedures.</p> <p>Analysis and evaluation of the status of the accounts receivable is to determine outstanding account balance as current and adequate as well as, eligibility for dunning and/or reporting to credit bureaus.</p>	<p>periodic basis. The review may include accounts receivable amounts, collection percentages, accounts receivable days outstanding and a comparison to internal agency or government wide standards.</p> <p>Identify delinquent debts on accounts based on aging of debts. Each account must be evaluated based on criteria from government-wide regulations as well as agency debt collection regulations.</p> <p>A debt becomes delinquent when payment is not made by the due date or the end of a predetermined “grace period.”</p> <p>Each delinquent account is evaluated for eligibility for dunning.</p> <p>When a debtor files for bankruptcy protection, an agency may prohibit further collection action while the bankruptcy is pending. Agency counsel should be consulted for specific advice in order to determine what further steps need to be taken to protect the agency’s position and be in compliance with the law. In most cases, agencies must await legal advice based on bankruptcy litigation results to determine subsequent action.</p> <p>DCIA requires Federal agencies to report to credit bureaus information on all delinquent consumer debts. Treasury can report the delinquent debts to credit bureaus, if agreed upon with the agencies. The agencies may also agree to continue reporting to the credit bureaus themselves after referring their delinquent debts to FMS. An agency that elects to use expedited referral to cross-servicing, (i.e., referral of debts within 60 days of the date of delinquency), does not need to report its debts to credit</p>	<p>RMC-09</p> <p>RMC-20</p> <p>RMD-11</p>

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			bureaus because FMS will report the debts on the agency's behalf, if agreed to by the agency.	
RM 4.2.5	Previously Billed?	Analysis and evaluation of the status of the accounts receivable is to determine the need for scheduling the billing of unbilled receivables.		RMC-20
RM 4.2.6	Execute Minimum Due Process Requirements	Due process requirements are performed for each customer account.	<p>In the context of Federal debt collection, the constitutional right of “due process” requires an agency to provide debtors with notice of, and the opportunity to dispute, a debt or intended debt collection action. Notice must include the amount and type of debt owed, and the actions to be taken by an agency to collect the debt, such as adding interest and late charges, offset or garnishment, and credit bureau reporting.</p> <p>An agency should provide a customer an opportunity to dispute the debt or advise the debtor of the adverse collection action to be taken. At a minimum, the customer should have the opportunity to challenge (1) the existence of all or part of the debt, and/or (2) whether the agency has met the statutory or regulatory prerequisites for using the collection action mentioned in the notice.</p> <p>The minimum “due process” required is generally established by the statutes that authorize the use of a specific debt collection tool or by implementing regulations. Treasury’s <i>Managing Federal Receivables</i> guidance provides more information on the notices and opportunities to be provided to a debtor.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.2.7	Adjustment to Account Required?	Based on review of an accounts receivable, the agency determines whether an adjustment to the balance/status of the account is required.		
RM 4.2.8	Prepare Adjustment to Account	<p>As applicable, the agency prepares an adjustment to the balance/status of the accounts receivable.</p> <p>Adjustments may be due to the result of review of an account subsequent to dispute resolution and/or identification of erroneous debts.</p>	Proper segregation of duties must be followed when adjusting an accounts receivable balance.	

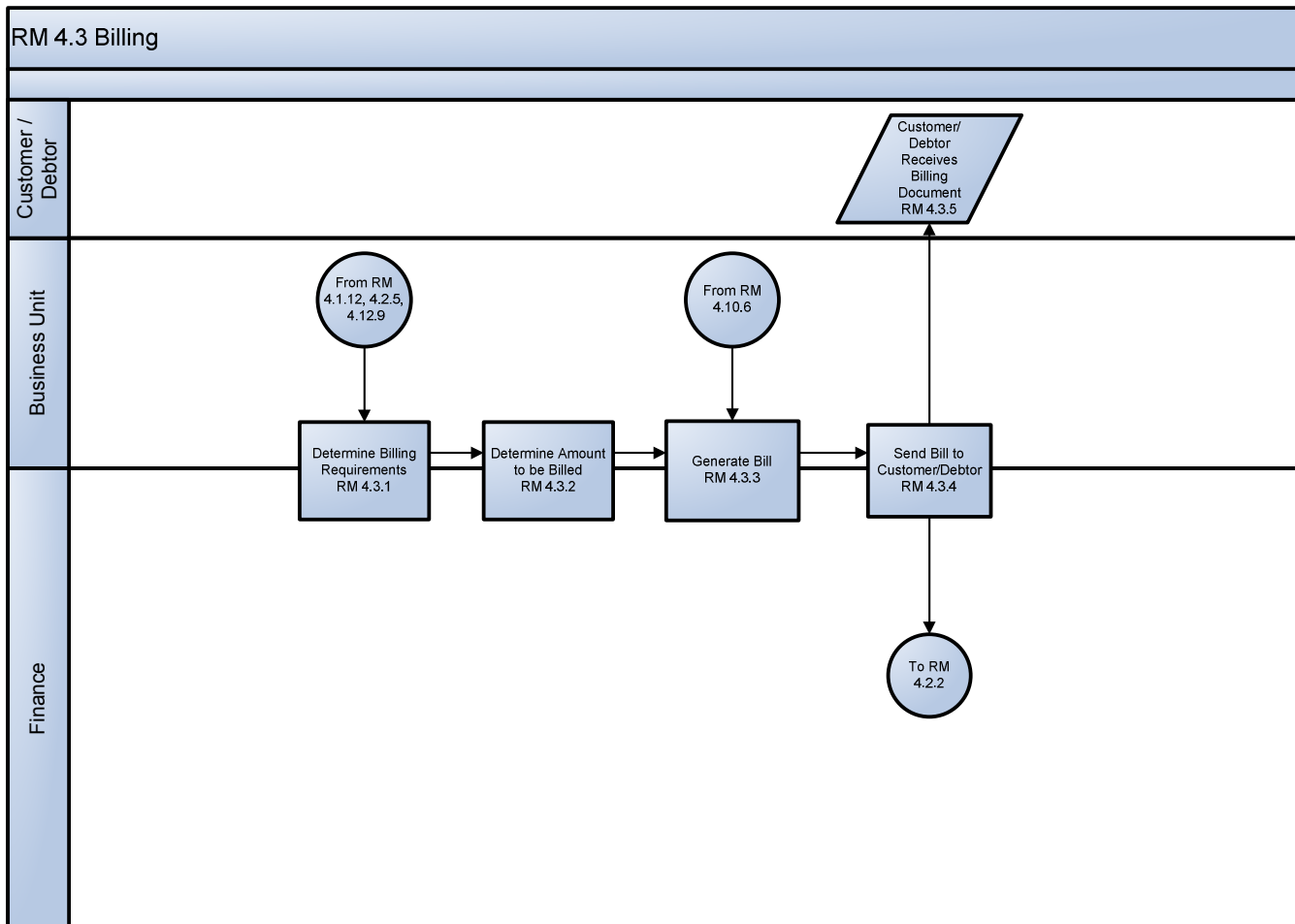


## 4.3 BILLING

This section provides the process to generate a bill. The billing process represents the first action to collect amounts due from any exchange of goods or services resulting in a debt due from the public when payment is not collected at the time of service or at the point of sale. Once credit has been extended, consistent billing and collection procedures must be followed as outlined by agency specific procedures and guidelines.

Bills are created based on agency-specific business rules and are generated automatically or manually (on demand), as necessary, based on established billing frequency. Included are steps to determine billing requirements and generate and send a bill to a customer/debtor.

### *RM 4.3 – Billing Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Billing process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.3.1	Determine Billing Requirements	Determine the billing requirements using the customer information and receivable data.	Based on the customer and receivable record information, determine the method (electronic or paper) and terms of billing to be used.	RMA-01 RMB-04
RM 4.3.2	Determine Amount to be Billed	The amount to be billed is determined.	Before an agency bills, it will need to consider discounts, shipping charges, and other adjustments applicable to the transaction.	
RM 4.3.3	Generate Bill	Generate demand for payment that includes bill number, account number, debtor information, amount owed, payment terms and conditions (including the remittance instructions) and payment due date.	<p>Additional bill information should include account number, payment terms and conditions, customer purchase order (PO) number, lock box information, and description of goods and/or services or other basis for the debt.</p> <p>The bill should include or reference applicable standards upon which any interest, penalties, or administrative charges will be based, rights under Federal Claims Collection Standards, the date by which the debtor must make payment to avoid late charges and enforced collection, the name, address and phone number of a point of contact the customer/debtor may speak with regarding the bill, and remedies the agency will use to enforce payment of debts.</p> <p>Agencies use sub-accounts to determine the status of accounts receivable from unbilled to billed since the SGL currently does not have accounts to track this action. This is an acceptable practice; however, agencies that use these sub-accounts to accomplish this action should update the general ledger from unbilled to billed.</p>	RMB-06 RMB-11 RMB-12 RMB-13 RMB-15 RMB-16 RMB-17 RMB-09 RMB-10 RMB-14
RM 4.3.4	Send Bill to Customer/Debtor	The agency requests payment from the customer/debtor.	The billing document is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	

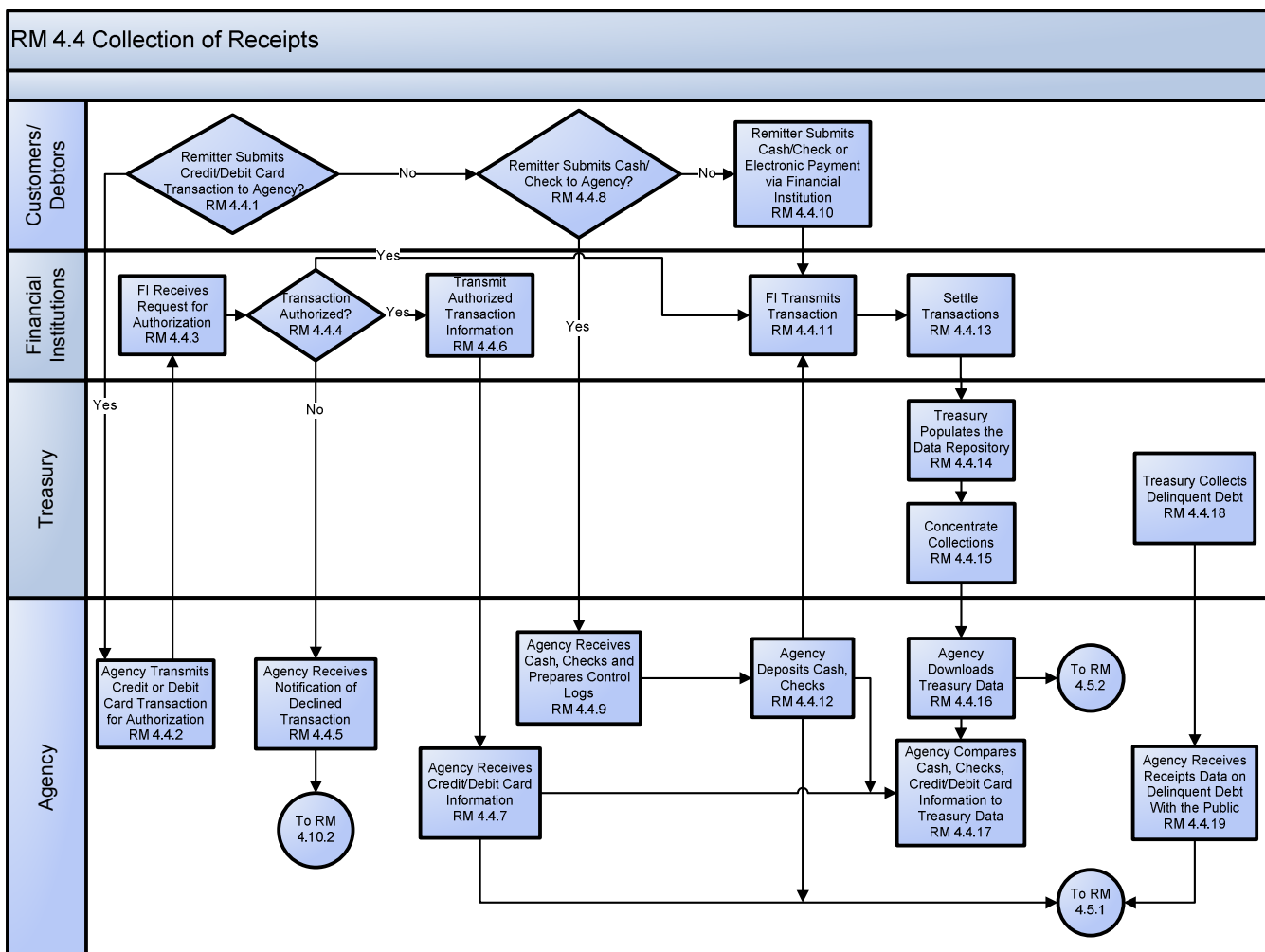
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.3.5	Customer/Debtor Receives Billing Document	A billing document representing a record of claim is received by the debtor/customer.		

## 4.4 COLLECTION OF RECEIPTS

This section provides the process for receiving and controlling monies collected on associated debts, and recording in the general ledger.

The following flowchart provides key steps in the processes agencies use to control and capture information for monies received. The steps depicted in the functional lanes for Treasury and Financial Institutions are included to provide general information on processes currently under development, by Treasury. The intent is not to provide detail on how those procedures will function, but rather to provide background for the flow of data that will be received by agencies.

### RM 4.4 – Collection of Receipts Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Collection of Receipts process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.4.1	Remitter Submits Credit/Debit Card Transaction to Agency?	The remitter initiates payment to the agency by using a credit or debit card.		
RM 4.4.2	Agency Transmits Credit or Debit Card Transaction for Authorization	The agency accepts payment via a credit or debit card and sends information to a designated Financial Institution (FI) for authorization.	Based on its arrangement with an FI, an agency performs applicable settlement procedures for transactions transmitted.	RMD-01
RM 4.4.3	FI Receives Request for Authorization	The designated FI processes the transaction electronically.		
RM 4.4.4	Transaction Authorized?	The FI authorizes or declines the transaction request.		
RM 4.4.5	Agency Receives Notification of Declined Transaction	Agency receives notice from FI that a transaction has been declined.	Agencies must research declined transactions in order to determine the reason the transaction was declined and take appropriate subsequent action.  The agency informs the customer the transaction is not authorized.	
RM 4.4.6	Transmit Authorized Transaction Information	The applicable FI(s) (including Federal Reserve Bank (FRB), as applicable) receives, processes, and transmits the transactions electronically.  Program and financial data are received by FIs which were initially remitted through various mechanisms including over-the-counter, Web page, mail, electronic terminal, electronic file, phone, etc.	Transactions must be validated and processed in a timely manner. Agency policies and procedures will define frequency in which actions are performed.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.4.7	Agency Receives Credit/Debit Card Information	The agency receives the transaction authorization number, date received, and partial credit card account number, as applicable, from the FI.		
RM 4.4.8	Remitter Submits Cash/Check to Agency	A remitter pays the agency directly with cash or a check.		RMD-01
RM 4.4.9	Agency Receives Cash, Checks, and Prepares Control Logs	Finance receives a payment in the form of cash or check and logs the information for tracking and internal control purposes.	<p>In accordance with internal control activities common to all agencies, key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing, processing and recording, and reviewing the transactions, as well as handling any related assets. No one individual should control all key aspects of a transaction or event.</p> <p>Cash and checks received at the agency should, at a minimum, be deposited daily. Agencies must design and implement policies and procedures incorporating sound internal controls to safeguard and account for not only daily collections, but also for collections that cannot be deposited by the end of each day. Such undeposited collections must be included in applicable financial reports.</p>	
RM 4.4.10	Remitter Submits Cash/Check or Electronic Payment via FI	A remitter submits cash, check, or initiates an electronic transaction through applicable FI channels.	<p>Payments involving electronic and cash equivalents include transactions initiated by phone, electronic check, Internet/Web (including pay.gov), Fedwire, and Automated Clearing House transactions.</p> <p>Agencies may manually process hard copy checks, utilize the Paper Check Conversion process, or other approved automated process.</p>	RMD-01

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.4.11	FI Transmits Transaction	<p>The applicable FI(s) (including FRB, as applicable) receives, processes, and transmits the transactions electronically.</p> <p>Program and financial data are received by FIs which were initially remitted through various mechanisms including over the counter, Web page, mail, electronic terminal, electronic file, phone, etc.</p>	Transactions must be validated and processed in a timely manner. Agency policies and procedures will define frequency in which actions are performed.	
RM 4.4.12	Agency Deposits Cash, Checks	Designated agency personnel deposit cash and checks received to the designated FI via Treasury sponsored electronic processing tools.	Agencies must capture and maintain sufficient supporting documentation for each deposit to support the application of receipts to customer subsidiary records and the general ledger.	
RM 4.4.13	Settle Transactions	Settlement occurs at both FIs and FRBs acting on behalf of Treasury.	Settlement results in a deposit at the applicable institution.	
RM 4.4.14	Treasury Populates the Data Repository	Treasury makes collections data available to agencies by populating the Transaction Reporting System (TRS) data repository.	<p>Treasury will use the TRS as a centralized repository of detailed collection transaction information. It will provide a single touch point from which an agency can obtain transaction data and standard reports, integrating information across all collections channels and settlement mechanisms.</p> <p>TRS will capture Treasury Account Symbol (TAS) and Business Event Type Code (BETC) information from the various sending trading partner (STP) channel applications, or it will receive Classification Keys from the STPs, which can be "translated" into TAS/BETC details.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.4.15	Concentrate Collections	The deposit data for the funds from Commercial FIs and the FRBs are concentrated and captured in the Treasury General Account (TGA) Fund.	Concentration is performed by applicable systems at FRBs and/or commercial FIs.  Concentration moves funds from an account that settles the transactions to the TGA Fund at the Federal Reserve Bank of New York.	
RM 4.4.16	Agency Downloads Treasury Data	The agency downloads Treasury collections data, including both summary and detailed transaction records.	The TRS data includes Treasury confirmations of deposit tickets and credit/debit card transactions as well as all other transactions processed by Treasury.	TLD-01 SMD-07
RM 4.4.17	Agency Compares Cash, Checks, Credit/Debit Card Information to Treasury Data	Treasury records of agency deposits are compared to agency records of its deposits made.	The TRS data, which will be available daily, is used to confirm Treasury received and captured the transactions. A timing difference may occur between the time the agency captures the collection and the time the collection is reflected in TRS.  Agencies must compare their records of deposits to Treasury records of deposits on a periodic basis. These comparative procedures must be performed until differences are resolved. All resolutions should be made on a timely basis.	
RM 4.4.18	Treasury Collects Delinquent Debt	Treasury or the DOJ transmits data to the agency for collections of delinquent debt with the public collected on behalf of the agency.		
RM 4.4.19	Agency Receives Receipts Data on Delinquent Debt With the Public	The agency receives receipts data from Treasury, via the Intra-Governmental Payment and Collection system, on delinquent debt with the public.	Best practice is to capture receipts data to reflect the current status of the bill.	



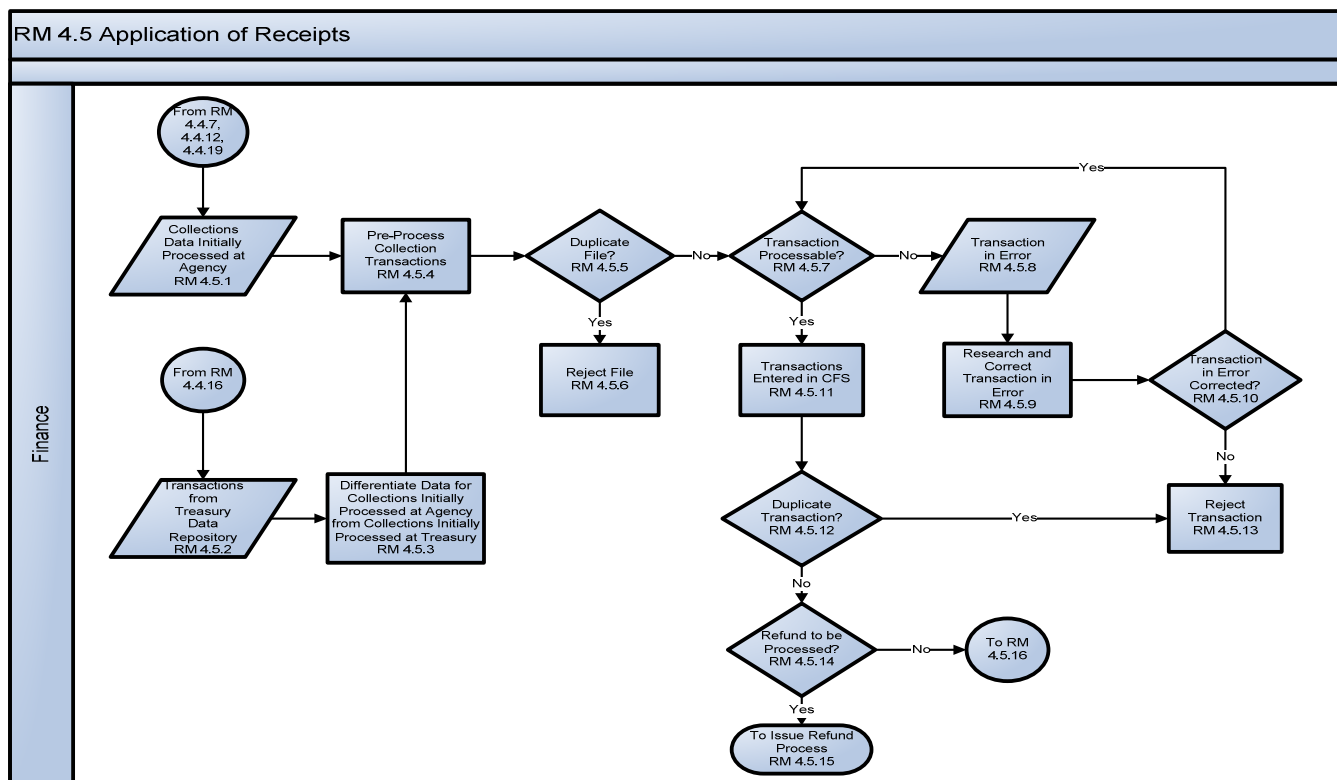
## 4.5 APPLICATION OF RECEIPTS

This section provides the process the process for the application of monies received/collected. Receipts should be recorded to the general ledger as quickly as possible. Application of receipts may be supported by information from the impacted business area to support timely and accurate posting. This chapter addresses five general ledger recording scenarios for receipts:

- Receipts applied to a customer account but not to a specific bill;
- Receipts applied to a customer account and a specific bill;
- Receipts applied to applicable revenue accounts;
- Receipts applied to Treasury's general fund; and
- Unapplied collections.

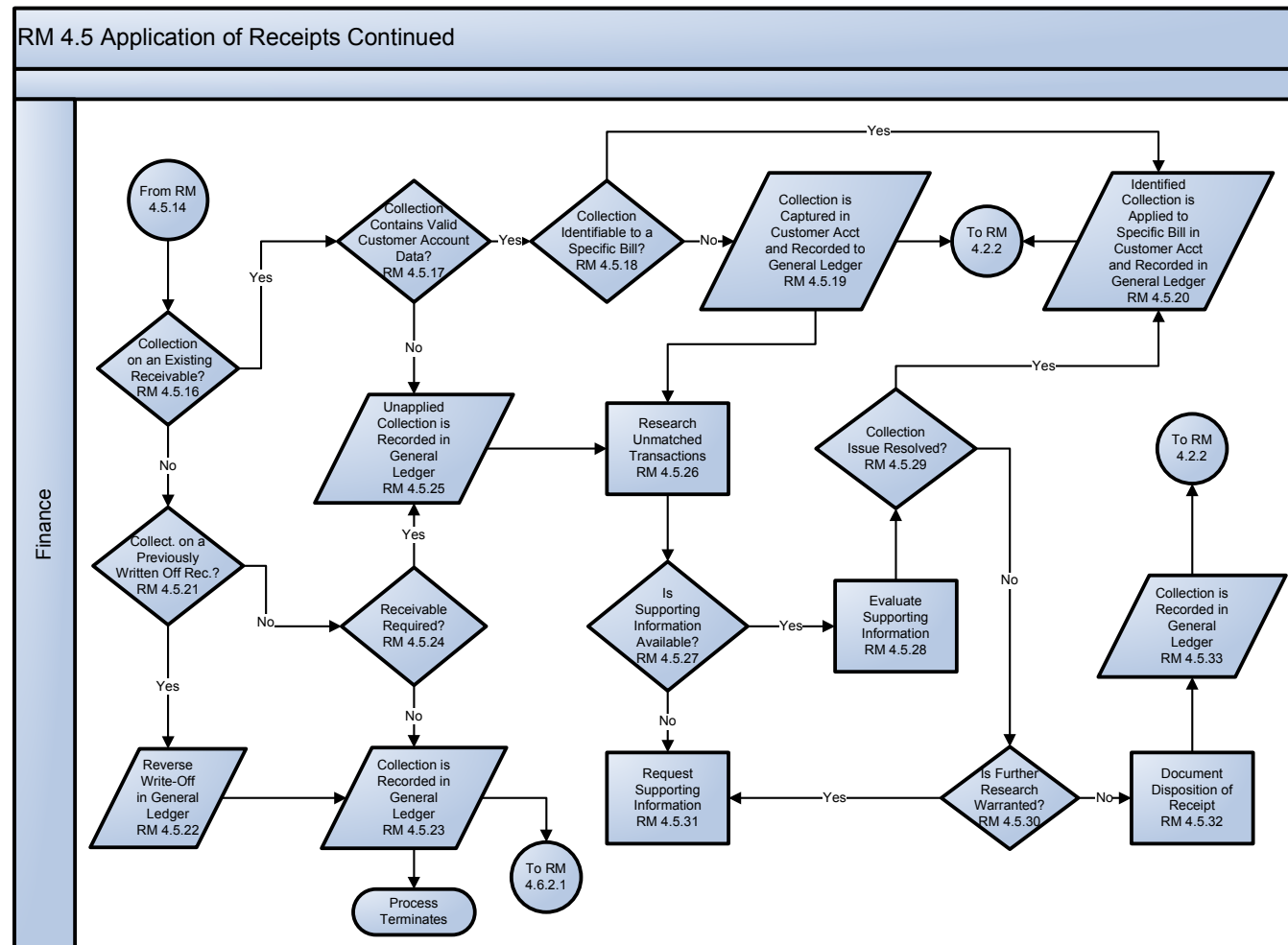
Receipts are recorded regardless of whether they are associated with transactions previously established as a receivable. Receipts associated with over the counter purchases and/or previously written off receivables are examples of cases where agencies may receive collections which were not previously established as a receivable. The following flowchart provides key steps in the processes agencies use to process and capture receipts information to customer/debtor accounts and record the appropriate transactions to the general ledger.

### ***RM 4.5 – Application of Receipts Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

## RM 4.5 – Application of Receipts Flowchart Continued



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Application of Receipts process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.5.1	Collections Data Initially Received at Agency	This data represents credit/debit card, cash, and/or check remittances made directly to the agency.	Collection data must be captured.	RMD-01
RM 4.5.2	Transactions from Treasury Data Repository	This data has been downloaded and sorted by transaction type and includes both remittance information originally received directly by the agency as well as remittance information originally received at Treasury.		
RM 4.5.3	Differentiate Data for Collections Initially Processed at Agency from Collections Initially Processed at Treasury	Finance determines whether transactions from TRS were initially processed by the agency or initially processed at Treasury.	Prior to processing Treasury data in the Core Financial System, the agency applies edit checks to each collection transaction from TRS to determine whether it was initially processed by the agency and then submitted to Treasury. The TRS data is used to confirm Treasury received and captured the transactions one or more days after the agency has received and captured the collections.	
RM 4.5.4	Pre-Process Collection Transactions	Each file of transactions downloaded from TRS and other sources is subjected to edit and validity checks prior to being processed in the Core Financial System.	<p>Edit and validity checks are applied to each transaction file to determine whether required data has been provided and whether the file is a duplicate which has already been processed by the agency. Automated checks are applied to validate such specifications as the file layout, number of fields, validity of applicable fields, completeness, and header and trailer records.</p> <p>Key data required can include customer number, bill number and associated amounts, TAS, Treasury Appropriation Fund Symbol (TAFS), Agency Location Code (ALC), and</p>	TLD-02 TLD-03 TLD-05

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			other applicable agency information.	
RM 4.5.5	Duplicate File?	Based on the results of edit and validity checks, the agency determines whether the files from Treasury or other sources represent duplicate files previously processed by the agency.	Agencies should have adequate internal controls to prevent the loading of a duplicate file into the Core Financial System. Agencies must implement procedures to readily identify duplicate files prior to loading such files to the Core Financial System.	TLD-05
RM 4.5.6	Reject File	A duplicate file is rejected and not processed.	Agencies should develop and implement applicable internal controls to prevent processing of duplicate files.	TLD-05 TLD-06
RM 4.5.7	Transaction Processable?	Transactions lacking data in required fields are not processable.	Agencies must implement data validity checks to identify transaction record fields with incomplete or invalid data prior to loading such data to the Core Financial System.	TLD-02 TLD-03 TLD-05
RM 4.5.8	Transaction in Error	The Core Financial System generates a file of transactions considered to be in error status because one or more key required fields (e.g., customer number, organization code) lack valid data.	Transaction record fields with incomplete or invalid data result in a transaction being categorized as an error.	TLD-04 TLD-06
RM 4.5.9	Research and Correct Transaction in Error	The agency researches and corrects/completes data for transactions in error.	Collection transactions in error must be corrected/edited to enable processing of those transactions in the Core Financial System.	TLD-04 TLD-05
RM 4.5.10	Transaction in Error Corrected?	The agency determines whether or not the transaction error has been corrected.	Documentation supporting transaction error corrections must be maintained.	TLD-04
RM 4.5.11	Transactions Entered in Core Financial System	Transactions are entered in the Core Financial System.	Agencies should develop appropriate internal controls and related procedures to enable accurate and complete processing of transactions in the Core Financial System.	RMD-01 TLD-01 TLD-03 TLD-04

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.5.12	Duplicate Transaction?	Based on the results of edit and validity checks, the Core Financial System determines whether individual transactions represent duplicates of transactions already processed in the Core Financial System.	Key data fields are validated to identify duplicate transactions.	SMB-06
RM 4.5.13	Reject Transaction	Duplicate transactions are rejected by the Core Financial System.	A report should be generated to track rejected transactions. Agencies should implement procedures to research and correct the cause of such duplicate transactions.	SMB-11
RM 4.5.14	Refund to be Processed?	Based on evaluation of amounts received, Finance determines the need to process a refund.		
RM 4.5.15	To Issue Refund Process	If the amount received is in excess of the amount due, Finance processes a refund through the execution of a refund process. The refund process will be defined in an updated release of the Payment Standard Business Process. updated		
RM 4.5.16	Collection on an Existing Receivable?	The Core Financial System determines whether the collection pertains to an accounts receivable or represents a collection for which there is not an existing accounts receivable .	For collections against receivables, an agency must reference the receivable document and update customer records and related billing information.  Examples of collections without receivables include over the counter purchase, early payment, etc.	RMD-02 RMD-03
RM 4.5.17	Collection Contains Valid Customer Account Data?	Determine whether the collection data includes a valid customer account.	Compare the customer account in the transaction record to the customer accounts established as described in section RM 4.1.	
RM 4.5.18	Collection Identifiable to a Specific Bill?	Determine whether the collection transaction includes the necessary data to be captured by a specific bill on a customer account.	Apply data checks to determine whether the agency bill number is present or can be determined from other applicable information such as	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			a PO.	
RM 4.5.19	Collection is Captured in Customer Account and Recorded to General Ledger	The collection is captured in the customer account.	<p>The entries are recorded in the general ledger using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C109: To record the receipt of previously anticipated collections.</p> <p>TFM-C138: To record the collection of refunds receivable for assets purchased or expenses incurred in the current year that create budgetary resources when collected.</p> <p>For guidance on applying payments against delinquent debt, see Treasury's <i>Managing Federal Receivables</i> and the Federal Claims Collections Standards. This guidance particularly illustrates the order in which the payment is applied against delinquent debt classes and also provides exceptions to that application order.</p>	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMD-02 RMD-04 RMD-06 RMD-07 SMB-02 SMB-33
RM 4.5.20	Identified Collection is Applied to Specific Bill in Customer Account and Recorded in General Ledger	Transactions that pass all edit and validity checks are applied to a specific customer/debtor bill as well as the general ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C109: To record the receipt of previously anticipated collections.</p> <p>TFM-C138: To record the collection of refunds receivable for assets purchased or expenses incurred in the current year that create budgetary resources when collected.</p>	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMD-02 RMD-04 RMD-06 RMD-07 SMB-02 SMB-33

RM 4.5.21	Collection on a Previously Written Off Receivable?	The agency determines if the collection was on a previously written-off receivable.	Agencies would also record the collection of delinquent debts that have been written off, closed out, or waived. Treasury's <i>Managing Federal Receivables</i> provides guidance to allow agencies to develop procedures for the pursuit of collection after classification of debt into a write-off/currently not collectable status.	
RM 4.5.22	Reverse Write-Off in General Ledger	The entry originally recorded to write off the accounts receivable is reversed.	<p>The entry is recorded based on the original entry to write off the accounts receivable in the general ledger. The entries originally recorded to write off the accounts receivable are represented in whole or in part in the business rule for step RM 4.8.4 "Record Write-Off in General Ledger".</p> <p>Entries to applicable interest, administrative fee, and penalty accounts must also be reversed as well as the contra allowance accounts for each.</p>	RMD-05

RM 4.5.23	Collection is Recorded in General Ledger	Collections are recorded to applicable general ledger accounts when receivables were not previously established or when the receivable was waived or written off.	<p>Agency guidelines should define circumstances in which entries are recorded to applicable revenue accounts versus a General Fund Receipt posting.</p> <p>If the agency determines the entry should be recorded to applicable revenue accounts, the entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C640: To record the proceeds from commodities sold.</p> <p>TFM-C646: To record the sale or disposition of assets other than personal properties and investments.</p> <p>If the agency determines the entry should be recorded to the General Fund Receipt Account, the entries are recorded using the USSGL Account Transaction Listing logic provided in the TFM. Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-C141: To record the collection of custodial revenue from a non-Federal source that is deposited to a miscellaneous receipt account.</p>	RMD-03 RMD-05 RMD-06 RMD-07 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-02 SMB-33
RM 4.5.24	Receivable Required?	For collections not on an existing accounts receivable, the Core Financial System determines whether the transaction data is complete and valid.	<p>The Core Financial System applies edit and validity checks to determine if the collections data provided is sufficient to record applicable entries to the general ledger.</p> <p>For collections without receivables, an agency must record collections with corresponding revenues, expenditure reductions, advance/prepayment reclassifications, or other offsets.</p>	



RM 4.5.25	Unapplied Collection is Recorded in General Ledger	Collection transactions lacking key information required to be applied to customer accounts and/or revenue accounts are recorded as unapplied collections in the general ledger.	<p>Agencies record unapplied collections to applicable accounts as permitted under Treasury guidance.</p> <p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C108: To record the receipts reported into deposit funds and clearing accounts.</p> <p>TFM-C152: To record unapplied receipts into fund symbols that require budgetary reporting.</p>	RMD-03 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-33
RM 4.5.26	Research Unmatched Transactions	The agency researches transactions that are not matched to a customer/debtor account or other valid collection type.	Agencies must resolve all unapplied collections. Agencies can use the following tools to facilitate resolution: aging reports, tracking of types of collections, data queries, etc.	
RM 4.5.27	Is Supporting Information Available?	Finance determines whether sufficient supporting information is available to research and resolve unapplied collections.	Agencies design and implement workflow processes in and around the CFSR that move information on unapplied collections to appropriate areas for research and resolution.	
RM 4.5.28	Evaluate Supporting Information	Supporting information received is evaluated to determine if sufficient information exists to properly identify and apply collection transactions.	Finance monitors and evaluates the responses to information requests related to unapplied collections.	
RM 4.5.29	Collection Issue Resolved?	If sufficient information has been received and input to collection transaction records, Finance records the transactions to the general ledger as identified collections. Previous entries to record unapplied collections are reversed.		

RM 4.5.30	Is Further Research Warranted?	If the unidentified collection issue is not resolved, Finance determines whether further research efforts are warranted.	Cost effective efforts should continue if an agency determines that such efforts have some potential to result in resolution of the collection issue.  Agencies may use discretion in determining threshold amounts below which it is not considered cost effective to continue efforts to resolve the collection issue.	
RM 4.5.31	Request Supporting Information	Request information from the business unit (functional area) that can assist in properly identifying the collection transactions.		
RM 4.5.32	Document Disposition of Receipt	Further research is not warranted to resolve the unidentified collection issue.	Further research is not warranted to resolve the unidentified collection issue.  Agencies should monitor and maintain records of collections that will not be applied and will be recorded as miscellaneous receipts to the Treasury general fund.	

RM 4.5.33	Collection is Recorded in General Ledger	Reverse the entry originally recorded as an unapplied collection and record the collection to an applicable revenue accounts or to a miscellaneous receipts account within the general fund of the Treasury.	<p>Agency guidelines should define circumstances in which entries are recorded to applicable revenue accounts versus a General Fund Receipt posting.</p> <p>If the agency determines the entry should be recorded to applicable revenue accounts, the entries are recorded using the USSGL Account Transaction Listing logic provided in the TFM. Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-C640 To record the proceeds from commodities sold.</p> <p>TFM-C646 To record the sale or disposition of assets other than personal properties and investments.</p> <p>If the agency determines the entry should be recorded to the General Fund Receipt Account, the entries are recorded using the USSGL Account Transaction Listing logic provided in the TFM. Examples include, but are not limited to, the following transaction code from the current TFM:</p> <p>TFM-C141 To record the collection of custodial revenue from a non-Federal source that is deposited to a miscellaneous receipt account.</p>	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-33
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## 4.6 DELINQUENT DEBT PROCESSES

This section provides the process through which agencies restore delinquent debts to current status or, if unsuccessful, maximize collection on the agency's accounts. Generally, the probability of ultimately collecting delinquent amounts becomes lower as the age of the debt age increases; therefore, agencies debt collection strategy should promote the resolution of delinquencies as quickly as possible.

This section represents debt collection processes available to assist agencies to collect debts for those customer/debtor accounts that have become delinquent and supplements the debt collection statutes and regulations in addition to agency policies and procedures.

This section is broken down into two categories:

- RM 4.6.1 Dunning; and
- RM 4.6.2 Delinquent Debt Collection.

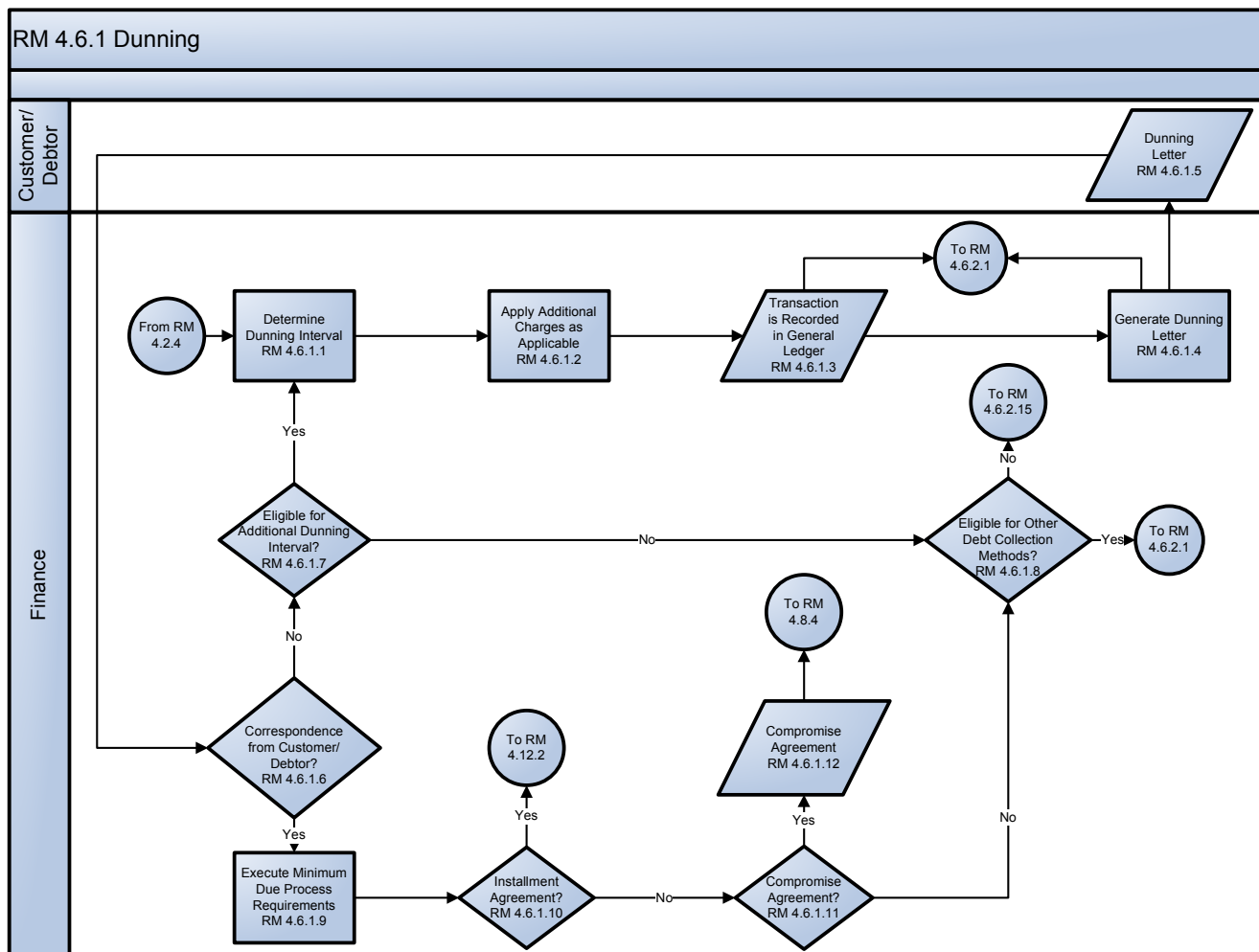
### 4.6.1 DUNNING

This section provides the process of communicating with customers to ensure the collection of eligible (delinquent) accounts receivable. Except in rare circumstances, Treasury's *Managing Federal Receivables* provides that no more than two dunning letters should be sent. The additional intervals described in this process allow an agency the option of sending more than two dunning letters, if needed. Dunning is integral to agencies' due diligence prior to referral to FedDebt (FMS).

This process illustrates that installment agreements and compromise agreements should be considered, where applicable, to a customer/debtor response to a dunning letter. Agencies may, however, consider installment agreements and/or compromise agreements, when appropriate, within the first 30 days of the debt life cycle.

The following flowchart provides key steps in the processes agencies use to perform dunning procedures on eligible customer/debtor accounts.

## RM 4.6.1 – Dunning Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Dunning process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.1.1	Determine Dunning Interval	Each accounts receivable is regularly evaluated to determine if it is delinquent and therefore eligible for the first dunning interval or for the appropriate subsequent interval.	<p>An eligible accounts receivable is dunned at the first applicable and subsequent time intervals. Accounts are dunned at periodic intervals (e.g., 30-day intervals).</p> <p>Delinquent accounts should be dunned based on Federal statutes such as the Debt Collection Act of 1982 and the DCIA. Federal regulations on debt collection, such as the Federal Claims Collection Standards, government-wide debt collection guidance such as OMB Circular A-129, Treasury's <i>Managing Federal Receivables</i>, and agency policies and procedures.</p>	
RM 4.6.1.2	Apply Additional Charges as Applicable	<p>Additional charges are calculated and applied to the account as of the end date of the applicable interval as follows:</p> <p>Interest and administrative costs are calculated and applied to the account as of the end date of dunning intervals one, two, three, and four.</p> <p>Penalties are calculated and applied to the account as of the end date of dunning intervals three and four only.</p>	<p>At Dunning intervals 1 and 2, only interest and administrative costs are applied. Dunning intervals 3 and 4 require the application of penalties in addition to interest and administrative costs. The specific rules for the application of additional charges to delinquent accounts, respective to the dunning interval are listed below.</p> <p>Interest Interval 1: Calculate and capture late payment interest based on Treasury's Current Value of Funds Rate (CVFR) unless otherwise specified by the agency.</p> <p>Best practice for applying interest to delinquent debts is to assess interest based on the original bill date.</p> <p>For additional guidance on applying interest to delinquent debts, see Treasury's <i>Managing Federal Receivables</i> and the Debt Collection Act of 1982.</p> <p>Administrative Costs Interval 1: Calculate and capture administrative costs in accordance with agency</p>	RMC-01 RMC-02 RMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>policy and procedures.</p> <p>For guidance on assessment and application of fees incurred as a result of debt collection activity on delinquent debts, see Treasury's <i>Managing Federal Receivables</i>.</p> <p>Interest Interval 2: See Interest Interval 1.</p> <p>Administrative Costs Interval 2: See Administrative Costs Interval 1.</p> <p>Interest Interval 3: See Interest Interval 1.</p> <p>Administrative Costs Interval 3: See Administrative Costs Interval 1.</p> <p>Penalty Interval 3: For guidance on assessment and application of penalties associated with delinquent debts, see Treasury's <i>Managing Federal Receivables</i>.</p> <p>Interest Interval 4: See Interest Interval 1.</p> <p>Administrative Costs Interval 4: See Administrative Costs Interval 1.</p> <p>Penalty Interval 4: See Penalty Interval 3.</p>	
RM 4.6.1.3	Transaction is Recorded in General Ledger	Applicable information is captured to apply interest, administrative costs, and penalties to applicable customer accounts and recorded to the general ledger.	<p>Applicable interest, administrative costs, and penalties are captured within applicable customer accounts and applicable entries are recorded to the general ledger on a monthly basis.</p> <p>The entries are recorded using the USSGL Account Transaction Listing in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM C-402: To record an accrual of revenue reported on the Statement of Custodial Activity or on the custodial</p>	RMC-01 RMC-02 RMC-03 RMC-04 GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-02 SMB-33

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>footnote that is collected by an agency to be deposited directly into a General Fund receipt account</p> <p>TFM-C435: To record the accrual of interest revenue associated with USSGL account 2985 that is to be collected by the Bureau of the Public Debt and deposited directly into a Treasury Account Symbol that does not have budget authority.</p>	
RM 4.6.1.4	Generate Dunning Letter	A Dunning Letter, tailored to the applicable interval, is generated and sent to the customer/debtor.	The dunning letter is sent via electronic media or in hard copy, as appropriate for the customer/debtor.	RMC-06 RMC-07
RM 4.6.1.5	Dunning Letter	A dunning letter, tailored to the applicable interval, is the output from Step 3.	The dunning letter should describe the status of the debt as overdue and include: names/titles of debtor or responsible parties, amount owed, remittance terms and conditions and applicable payment due date. Terms and conditions must include actions that can be taken to collect the outstanding debt.	
RM 4.6.1.6	Correspondence From Customer/ Debtor?	Agencies monitor responses from customers to dunning letters, communications on installment agreements, compromise agreements, and other applicable communications regarding debt owed the Agency.	<p>A customer/debtor response to a dunning letter may be of a financial or non-financial nature. In the case of financial responses (e.g., receiving payment, partial or in full), the agency should initiate the Collection of Receipts (RM 4.4) and Application of Receipts (RM 4.5). In the case of non-financial responses or partial financial responses, the agency should proceed to execute the minimum due process requirements (RM 4.6.1.9).</p> <p>An agency must provide appropriate guidelines and training to its employees whose duties include contacting debtors.</p> <p>Within 20 days after the payment due date or at the end of any grace period</p>	



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>contractually established, the agency should contact the debtor, by letter or phone, in an attempt to resolve the nonpayment.</p> <p>It is essential that the agency continue to document all agency contacts with a debtor and actions taken to enforce collection in order to protect the government's interests. An agency's automated systems may be used to document contacts with the debtor and other debt collection activities so long as the manner in which the information is retained is sufficient for evidentiary purposes in a court or administrative proceeding.</p> <p>An agency should take action to recover a debt from secondary debtors (co-borrowers or guarantors) when it becomes apparent that the primary debtor cannot or will not repay a debt. The agency should employ the same debt collection techniques and tools in pursuing secondary debtors as it uses for primary debtors. If a delinquent debt is referred to FMS for cross-servicing, FMS will attempt to collect the debt through the co-borrower or guarantor as it would with the primary debtor, if it is agreed to with the agency.</p> <p>An agency should consider using digital imaging as a way to maintain copies of debt collection documentation.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.1.7	Eligible for Additional Dunning Interval?	The account is due for dunning at the next interval if it remains delinquent and has already been dunned at the previous interval.	<p>The following business rules repeat those in step RM 4.6.1.1:</p> <p>An eligible accounts receivable is dunned at the first applicable and subsequent time intervals. Accounts are dunned at periodic intervals (e.g., 30-day intervals).</p> <p>Delinquent accounts should be dunned based on Federal statutes such as the Debt Collection Act of 1982 and the DCIA, Federal regulations on debt collection, such as the Federal Claims Collection Standards, government-wide debt collection guidance such as OMB Circular A-129 and Treasury's <i>Managing Federal Receivables</i>, and, in addition to, agency policies and procedures.</p>	
RM 4.6.1.8	Eligible for Other Debt Collection Methods?	<p>Customer/debtor accounts that have either exhausted all dunning intervals or are not appropriate to execute another dunning interval are evaluated for other debt collection methods (non-centralized administrative offset, wage garnishment, referral to applicable legal function, and/or referral to Treasury).</p> <p>Customer/Debtor accounts are also evaluated for other debt collection tools when the agency determines that installment/compromise agreements are either not appropriate or not acceptable to either party involved.</p>	For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program (TOP), see Treasury's <i>Managing Federal Receivables</i> . The guidance provides debt referral eligibility criteria as well as eligibility exceptions.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.1.9	Execute Minimum Due Process Requirements	Due process requirements are performed for each customer responding to dunning letters.	<p>In the context of Federal debt collection, the constitutional right of “due process” requires an agency to provide debtors with notice of, and the opportunity to dispute, a debt or intended debt collection action. Notice must include the amount and type of debt owed, and the actions to be taken by an agency to collect the debt, such as adding interest and late charges, offset or garnishment, and credit bureau reporting.</p> <p>An agency should provide a customer an opportunity to dispute the debt or the adverse collection action to be taken. At a minimum, the customer should have the opportunity to challenge (1) the existence of all or part of the debt, and/or (2) whether the agency has met the statutory or regulatory prerequisites for using the collection action mentioned in the notice.</p> <p>The minimum “due process” required is generally established by the statutes that authorize the use of a specific debt collection tool or by implementing regulations. Treasury’s <i>Managing Federal Receivables</i> guidance provides more information on the notices and opportunities to be provided to a debtor.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.1.10	Installment Agreement?	An official installment agreement is considered.	<p>Whenever possible, an agency should attempt to collect an overdue debt in a single lump sum. In the event that the debtor claims financial inability to repay the debt in a single lump sum, the agency may consider collecting the overdue debt in installments.</p> <p>The agency must determine whether the terms of a proposed installment agreement are viable. There must be a strong likelihood the customer/debtor will comply with the terms of the agreement.</p> <p>Typically, agencies consider offering installment agreements as a tool to resolve outstanding debt with its customers at a delinquent stage. However, when appropriate, an agency may determine that an installment agreement may be offered within the first 30 days.</p>	RMB-23
RM 4.6.1.11	Compromise Agreement?	An agency may consider entering into a compromise agreement with a customer/debtor.	<p>A compromise may be considered (but is not required) when one or more of the following criteria apply:</p> <ul style="list-style-type: none"> <li>• The debtor is unable to pay the debt within a reasonable time period;</li> <li>• The agency is unable to enforce collection within a reasonable time period;</li> <li>• The cost of collection does not justify enforced collection of the full amount; or</li> <li>• There is real doubt concerning the government's ability to prove its case in court.</li> </ul> <p>The agency must determine whether the terms of a proposed compromise agreement are viable. There must be a strong likelihood the customer/debtor will comply with the</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>terms of the agreement.</p> <p>Using the Claims Collection Litigation Report (CCLR), an agency must refer compromise proposals where the principal amount of the debt exceeds \$100,000 (or such larger amount as may be determined by the Attorney General) to the Department of Justice (DOJ) for its concurrence in the compromise. DOJ has delegated to the Financial Management Service (FMS) the authority to compromise a debt with a principal amount of \$500,000 or less when the debt is being serviced by FMS in its cross-servicing program.</p> <p>The Federal Claims Collections Standards state that laws and regulations that are specifically applicable to claims collection activities of a particular agency generally take precedence over government-wide claims collection standards.</p> <p>Typically, agencies consider offering compromise agreements as a tool to resolve outstanding debt with their customers at a delinquent stage. However, when appropriate, an agency may determine that a compromise agreement may be offered within the first 30 days.</p>	
RM 4.6.1.12	Compromise Agreement	An agency performs procedures to implement a compromise agreement, if applicable.	An agency should only compromise a debt when it has exhausted all other debt collection tools and further pursuit of collection is not cost effective.	

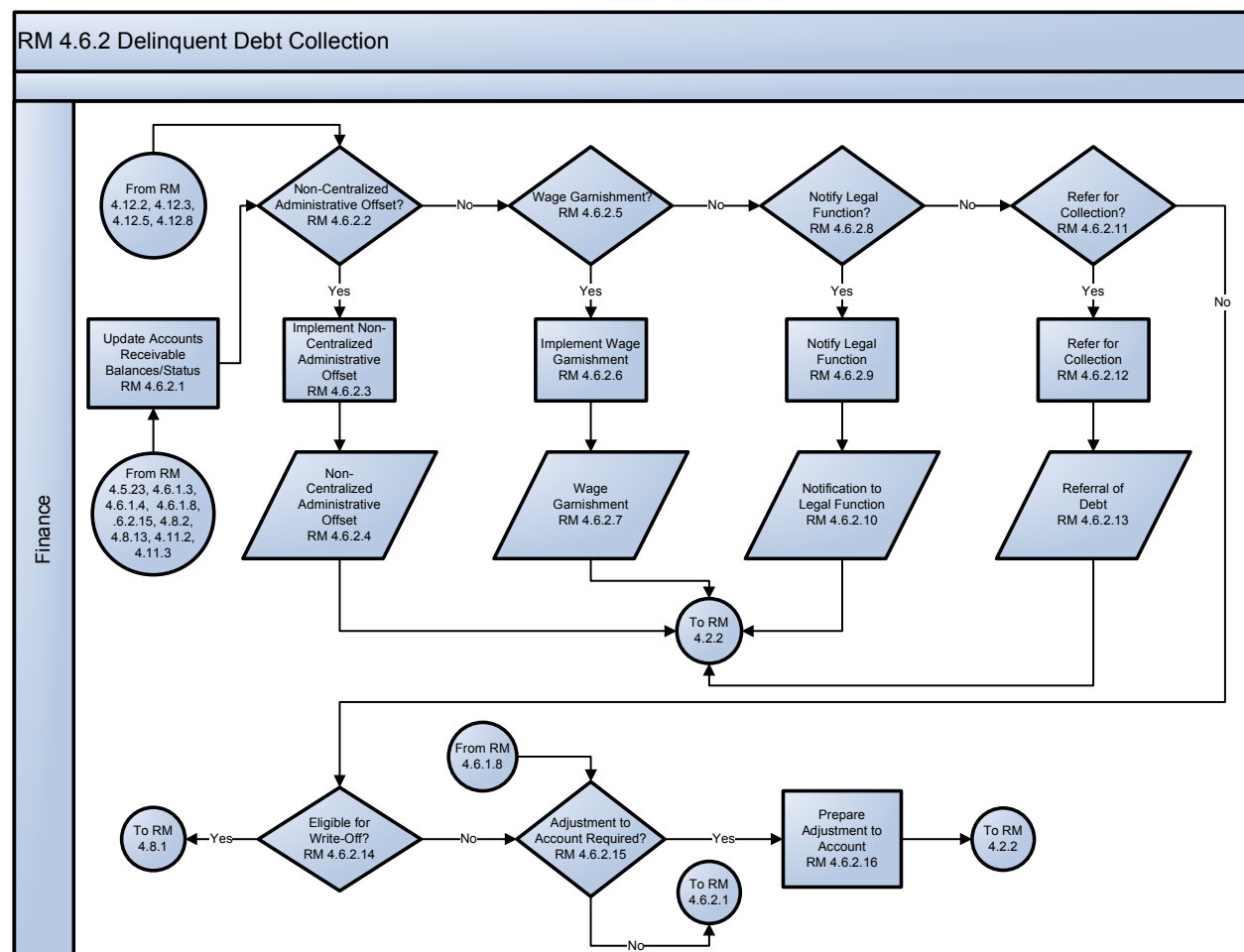
## 4.6.2 DELINQUENT DEBT COLLECTION

This section provides debt collection tools available to assist agencies (in addition to those provided in RM 4.6.1, Installment Plans and Compromise Agreements) to collect debts for those customer/debtor accounts that have become delinquent.

Delinquent debt collection is the process through which agencies restore the delinquent debts to current status or, if unsuccessful, maximize collection on the agency's accounts. Typically, this process is executed relative to those accounts that are identified as delinquent and subsequent to the exhaustion of the dunning process. Agencies may, however, consider non-centralized administrative offset, wage garnishment, or referral to applicable legal function to facilitate collection on a debt, within the first 30 days of the debt life cycle.

The following flowchart provides key steps in the processes agencies perform to collect debt on delinquent customer/debtor accounts and/or restore delinquent debts to current status.

### *RM 4.6.2 – Delinquent Debt Collection*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Delinquent Debt Collection process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.2.1	Update Accounts Receivable Balances/Status	Accounts receivable balances and status are updated based on inputs originating either internally or externally to the agency.	<p>Accounts receivable records, balances, and status are updated based on various events.</p> <p>Balances change due to:</p> <ul style="list-style-type: none"> <li>Assessments of late payment interest;</li> <li>Assessments of penalties;</li> <li>Assessments of Administrative costs;</li> <li>Application of collections on delinquent debts; and</li> <li>Adjustments due to delinquent debts.</li> </ul> <p>Statuses change due to:</p> <ul style="list-style-type: none"> <li>Dunning referral date;</li> <li>The passage of time (from current to delinquent); and</li> <li>Events that change a delinquency status (e.g., bankruptcy, referral, etc.).</li> </ul> <p>Capture applicable information within the subsidiary ledger and record applicable transactions to the general ledger to reflect the change in accounts receivable balances/status.</p>	RMB-02 RMC-01 RMC-02 RMC-03 RMC-04 RMC-05 RMC-16 RMC-18 RMD-01 RMD-02 RMD-04
RM 4.6.2.2	Non-Centralized Administrative Offset?	An agency considers whether to perform non-centralized administrative offset procedures.	An agency may request that another agency offset a Federal payment to satisfy a debt. This type of offset is known as “non-centralized administrative offset.” Another type of non-centralized administrative offset occurs when the payment agency is the same as the creditor agency, referred to as “internal offset.” Non-centralized offset can be used for internal offset, or when the	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>payment to be offset is not processed through the TOP or the creditor agency is unable to meet the 60-day notice requirement for debt submission to TOP but is otherwise able to comply with the due process prerequisites for offset.</p> <p>Agencies may consider Non-Centralized Administrative Offset within the first 30 days of the debt life cycle, when appropriate.</p>	
RM 4.6.2.3	Implement Non-Centralized Administrative Offset	An agency performs procedures to implement a non-centralized administrative offset as applicable.	Examples of circumstances for which non-centralized offset would be appropriate include internal offset and the offset of contractor payments when the creditor agency is the same as the payment agency; collection of travel advances and training expenses through a Federal employee's pay, retirement or other amounts due; offset of future retirement pay; and offset of Federal salary pay when offset is not available through TOP.	
RM 4.6.2.4	Non-Centralized Administrative Offset	An official non-centralized administrative offset is documented.		
RM 4.6.2.5	Wage Garnishment?	An agency considers whether to perform administrative wage garnishment procedures.	<p>The DCIA authorizes an Agency to collect a delinquent debt by administrative garnishment of the pay of a delinquent debtor who is employed by any organization, business, state or local government, or other entity other than a Federal agency. No court order is required.</p> <p>Agencies may consider Wage Garnishment within the first 30 days of the debt life cycle, when appropriate.</p>	
RM 4.6.2.6	Implement Wage Garnishment	An agency performs procedures to implement wage garnishment, as	For guidance on administrative wage garnishment implementation procedures or administrative wage	



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		applicable.	garnishment itself, refer to Treasury's <i>Managing Federal Receivables</i> , which provides information on the notices and opportunities to be provided to a debtor. See also business rule for 4.2.15.	
RM 4.6.2.7	Wage Garnishment	An official wage garnishment is documented.	For guidance related to the procedures surrounding the official wage garnishment documentation, refer to FMS wage garnishment regulations and Treasury's <i>Managing Federal Receivables</i> , which provides information on the notices and opportunities to be provided to a debtor.	
RM 4.6.2.8	Notify Legal Function?	An agency determines whether the applicable legal functions should be notified to evaluate or act on applicable legal issues.	<p>Based on agency policies and procedures, debt and supporting documentation is forwarded to the applicable legal function, either intra-agency or external to the agency.</p> <p>Unless an agency has specific statutory authority to litigate its own debts, it must refer debts to DOJ for litigation, including bankruptcy litigation. For additional guidance on referring debts to DOJ for litigation, refer to Treasury's <i>Managing Federal Receivables</i>. This guidance also includes criteria that restrict an agency from referring debt to DOJ for litigation.</p> <p>Agencies may consider the advice of applicable legal counsel (internal or DOJ) within the first 30 days of the debt life cycle, when appropriate.</p>	
RM 4.6.2.9	Notify Legal Function	An agency performs procedures to notify the applicable legal functions (internal or external to the agency, as applicable) and provide applicable facts and documentation.	When referring a debt to DOJ for litigation, an agency must provide a fully completed Claims Collection Litigation Report (CCLR). For required information to be included on the CCLR, refer to Treasury's <i>Managing Federal Receivables</i> .	
RM 4.6.2.10	Notification to Legal Function	An official notification to the legal function is made which includes	In the case of debt being referred to DOJ for litigation, a completed CCLR with supporting	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		documentation of the issue with the applicable accounts receivable.	documentation is generated by the agency.	
RM 4.6.2.11	Refer for Collection?	The Agency determines whether to refer debt to Treasury FMS for collection.	For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program (TOP), see Treasury's <i>Managing Federal Receivables</i> . The guidance provides debt referral eligibility criteria as well as eligibility exceptions.	
RM 4.6.2.12	Refer for Collection	The Agency refers the debt to Treasury FMS.	<p>For guidance on referral to the FMS for cross-servicing and/or to TOP, see Treasury's <i>Managing Federal Receivables</i> and/or the DCIA. The guidance provides debt referral eligibility criteria as well as exceptions for eligibility.</p> <p>The agency must generate a delinquent debt referral file for transmission to Treasury in accordance with the DCIA. An agency may refer delinquent debts to FMS either through the FedDebt on-line client software or through a batch file.</p>	RMC-15
RM 4.6.2.13	Referral of Debt	The agency generates documentation supporting the debt being transferred to Treasury FMS.		
RM 4.6.2.14	Eligible for Write-Off	<p>The agency determines if the debt is uncollectible.</p> <p>If the debt is identified as uncollectible, the agency should write-off the debt.</p> <p>If the debt is not identified as uncollectible, the agency evaluates the need for an adjustment.</p>	Debts that are determined to be uncollectible on the agency's financial and management reports are determined to be uncollectible and should be written off.	
RM 4.6.2.15	Adjustment to Account Required?	Based on review of an accounts receivable, the agency determines whether an adjustment to the balance/status of the		

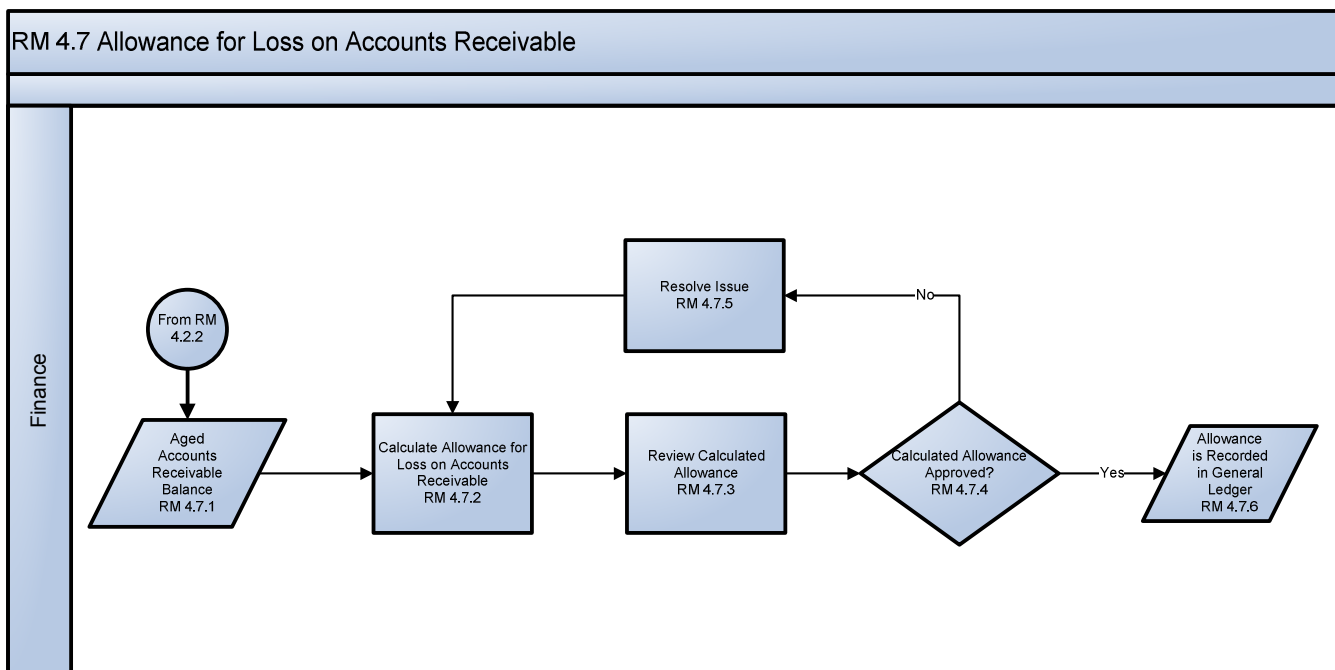
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		account is required.		
RM 4.6.2.16	Prepare Adjustment to Account	As applicable, the agency prepares an adjustment to the balance/status of the accounts receivable.	Proper segregation of duties must be followed when adjusting an accounts receivable balance.	

## 4.7 ALLOWANCE FOR LOSS ON ACCOUNTS RECEIVABLE

This section provides the process an agency uses to determine and record an allowance for loss on accounts receivable in the general ledger. The agency should establish the amounts in the allowance accounts based on portfolio condition and composition, historical experiences with losses, and actual write-offs taken in the preceding year or groups of years. The calculation can be performed at agency discretion; however, in practice, the calculation is generally only performed for financial statement preparation.

The following flowchart provides key steps in the processes agencies use to determine and record an allowance for loss on accounts receivable. The allowance for loss on accounts receivable process includes the aging of accounts receivables to determine the period of time outstanding for all receivable balances, the calculation of the allowance for loss on accounts receivable based on agency-defined criteria, review and approval of the calculated allowance, and subsequent entries made to the general ledger.

### ***RM 4.7 – Allowance for Loss on Accounts Receivable Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Allowance for Loss on Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.7.1	Aged Accounts Receivable Balance	The initial input to the process is an aged summary of balances of accounts receivable outstanding for designated periods of time.	Agencies shall age receivables balances on a periodic basis by calculating the length of time accounts have been outstanding since the due dates.	
RM 4.7.2	Calculate Allowance for Loss on Accounts Receivable	An estimate is made of receivables that are expected to be uncollectible.	<p>As stated in Statements of Federal Financial Accounting Standards (SFFAS) No. 1, losses should be recognized when there is more than a 50% chance of loss occurrence. A systematic methodology should be used to measure losses based on analysis of both individual accounts and a group of accounts as a whole. Specific customer receivable balances representing significant amounts should be individually analyzed. Group analysis should be based on groups separated into homogeneous accounts with similar risk characteristics.</p> <p>The allowance for loss is calculated periodically for accounting purposes and financial statement reporting. A significant fluctuation in the allowance calculation, from period to period, may impact accounting operations.</p> <p>Treasury's <i>Managing Federal Receivables</i> guidance states that an agency should establish amounts in the allowance accounts based on any one of the following:</p> <ul style="list-style-type: none"> <li>• Portfolio condition and composition;</li> <li>• Historical experience with losses; or</li> <li>• Actual write-offs taken in the preceding year or groups of years.</li> </ul>	RMC-17

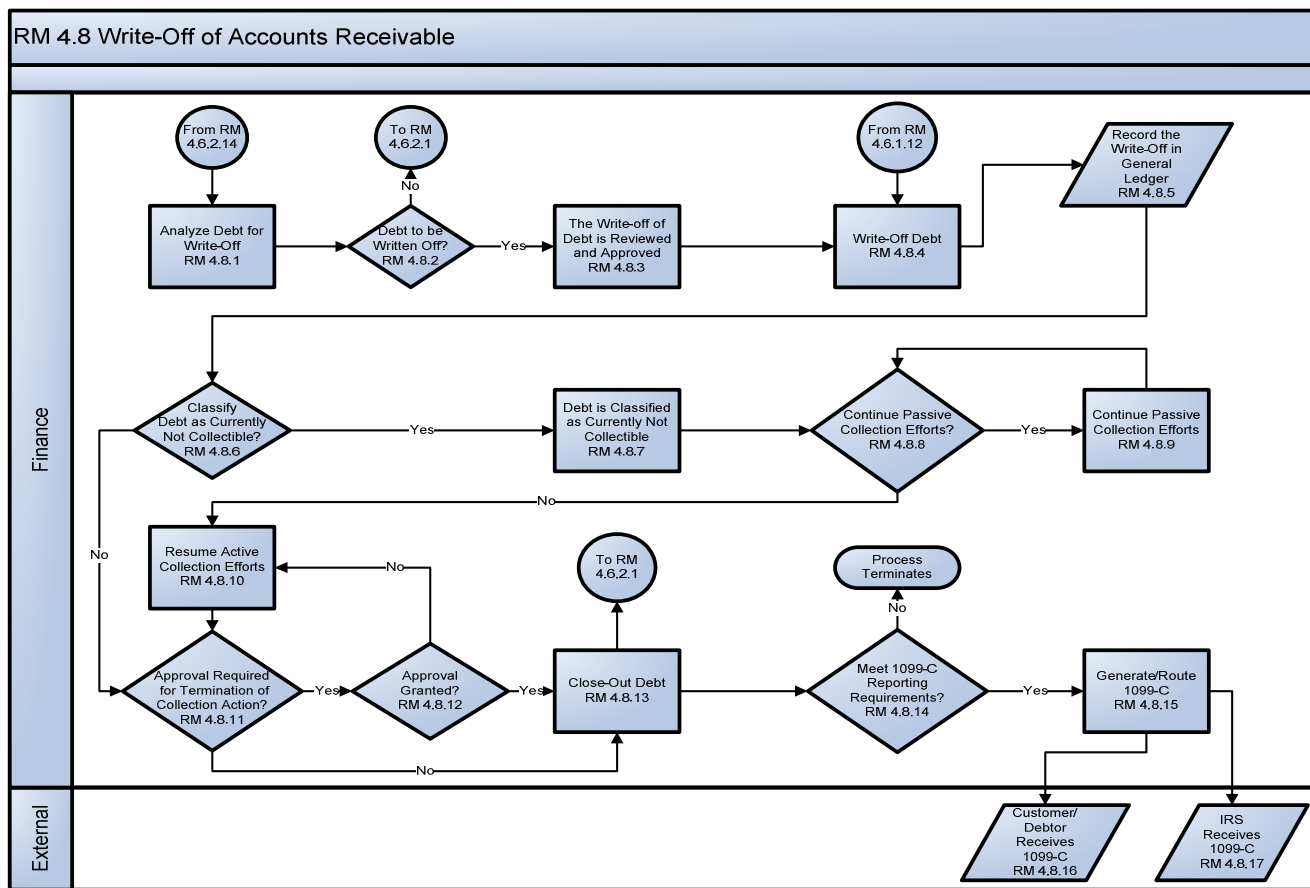
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.7.3	Review Calculated Allowance	Agency designated personnel review the calculated allowance.	The calculated allowance should be reviewed by designated personnel with knowledge of the outstanding accounts receivable balances.	
RM 4.7.4	Calculated Allowance Approved?	Agency designated personnel approve or disapprove the calculated allowance.	The calculated allowance should be approved by designated personnel, other than personnel calculating the proposed allowance, with knowledge of the outstanding accounts receivable balances.	
RM 4.7.5	Resolve Issue	Issues identified by supervisory personnel are addressed and applicable action(s) taken to recalculate the estimate of allowance for loss on accounts receivable.		
RM 4.7.6	Allowance is Recorded in General Ledger	Applicable entries are recorded to the allowance for loss on accounts receivable account within the general ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-D402: To record an allowance for a reduction in revenue from non-Federal sources when realization is not probable (less likely than not).</p> <p>TFM-D404: To record the estimated allowance for bad debts related to non-credit-reform receivables.</p>	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMC-17 SMB-02 SMB-33

## 4.8 WRITE-OFF OF ACCOUNTS RECEIVABLE

This section provides the process to determine and report debts/receivables as having no value on the agency's financial and management reports. Per OMB Circular No. A-129, write-offs must further be classified into two separate and distinct categories: currently not collectible (CNC) or close-out. Currently not collectible debts are those which the agency intends to continue cost effective debt collection action. Typically, the decision to classify written-off debt as currently not collectible is supported by circumstances that warrant the temporary suspension of collection activity when the agency plans to resume collection action at a future time triggered by an improvement in the debtor's financial position. Closed-out debts are those that are prohibited from further debt collection action or the agency does not plan to take any further collection action on the debt. The following organizations should follow IRS 1099-C guidelines and agency policy regarding the issuance of a 1099-C when closing out debts: a department, a court or administrative court, an agency instrumentality involved in the executive, judicial, or legislative branches of the government, including government corporations.

The following flowchart provides key steps in the process for writing off accounts receivable. Included are steps to analyze debt for write-off, record general ledger entries, classify debt according to collection status, obtain required approval for actions, close out debt, and notify the IRS about canceled debt, as applicable.

### RM 4.8 – Write-off of Accounts Receivable Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Write-off of Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.8.1	Analyze Debt for Write-off	Agency personnel review each debt eligible for write-off to determine whether it should be written off and consider whether it should be classified as currently not collectible or close-out.	<p>Agencies must identify receivables that may be eligible for write-off. Selection criteria include:</p> <ul style="list-style-type: none"> <li>• Delinquent debt age category;</li> <li>• Customer type; and</li> <li>• Receivable type.</li> </ul> <p>As described in Treasury's <i>Managing Federal Receivables</i> guidance and OMB Circular A-129, each delinquent debt due to the government must be reviewed to determine whether it has value for accounting purposes.</p> <p>Guidance also states that generally, write-off is mandatory for debts delinquent more than two years, unless documented and justified to OMB in consultation with Treasury. In those cases where material collections can be documented to occur after two years, debt cannot be written off until the estimated collections become immaterial.</p>	RMC-10
RM 4.8.2	Debt to Be Written Off?	Based on analysis performed, a decision is made whether to write off debt.		
RM 4.8.3	The Write-off of Debt Is Reviewed and Approved.	Appropriate personnel within the agency reviews and approves the write-off of the debt.	Agencies should design and implement internal control procedures for review and approval of decisions to write-off debt performed by designated personnel.	
RM 4.8.4	Write-off Debt	The debt is written off for accounting purposes.	<p>Recording the write-off of receivables includes the reversal of applicable interest, penalties, and administrative charges.</p> <p>Writing off a debt does not necessarily mean the debt is closed out. Closed out debts are subject to collection limitations where as accounts that have been written off</p>	



Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>are not subject to those same limitations.</p> <p>In compromising a debt, the agency must write off as close-out the amount of the debt forgiven by compromise.</p> <p>The creditor agency must maintain its original debtor records and remains responsible for any and all financial reporting associated with the debt.</p>	
RM 4.8.5	Record the Write-off in General Ledger	The write-off of a customer account is captured in the subsidiary ledger and entries are recorded to applicable accounts in the general ledger to reflect the write-off of debt including interest, penalties, and administrative charges, if applicable.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-D406: To record the write-off of penalties, fines, and administrative fees receivable.</p> <p>TFM-D408: To record the write-off of accounts receivable.</p> <p>TFM-D416: To record the write-off of interest receivable.</p>	RMC-11 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-02 SMB-33
RM 4.8.6	Classify Debt as Currently not Collectible?	The agency performs analysis to determine whether to classify the debt as currently not collectible or close out after write-off.	<p>Treasury's <i>Managing Federal Receivables</i> guidance states that cost effective collection efforts should continue if an agency determines that continued collection efforts have some potential to result in collections. Specific criteria are cited to be taken into account when deciding whether to terminate collection efforts.</p> <p>Agencies may use discretion in determining threshold amounts below which it is not considered cost effective to continue collection efforts.</p>	
RM 4.8.7	Debt is Classified as	Debt is classified as currently not collectible if	According to Treasury's <i>Managing Federal Receivables</i> guidance, if the	RMC-12

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Currently Not Collectible.	collection efforts are to continue after write-off.	<p>agency determines cost effective collection efforts should continue after write-off, the debt is classified as currently not collectible.</p> <p>For Treasury Report on Receivables (TROR) and other internal control purposes agencies need to continue to manage receivables in currently not collectible status. For determination of whether or not to process an 8000 series memo account posting at the time of classification of written off debts as currently not collectible, agencies should refer to internal and/or Treasury procedures.</p>	
RM 4.8.8	Continue Passive Collection Efforts?	<p>The agency decides whether to continue passive collection efforts on the delinquent debt.</p> <p>If the agency determines that temporary suspension of collection activity on the debt is appropriate, active collection efforts must cease.</p> <p>If the agency determines that temporary suspension of collection activity is not appropriate, active collection efforts should resume.</p>	See Treasury's <i>Managing Federal Receivables</i> for guidance on circumstances when temporary suspension of active collection efforts is appropriate.	
RM 4.8.9	Continue Passive Collection Efforts	Passive collection efforts continue once debt is classified as currently not collectible.	<p>Agencies must maintain data on receivables that have been written off but not closed out.</p> <p>Cost effective collection activities may continue for debt classified as currently not collectible in temporarily suspended status, until a change in circumstance warrants the removal of the suspended status where active collection efforts would subsequently resume.</p> <p>Collection activities include</p>	RMC-13

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			procedures performed at the agency as well as activities performed by other entities once debt has been referred to FMS for cross-servicing or TOP or to DOJ for litigation. The agency must periodically evaluate the status of debt and consider whether to discontinue collection efforts and close-out the debt.	
RM 4.8.10	Resume Active Collection Efforts	The agency resumes active collection efforts.	<p>Evaluation of the status of debt and estimated success of collection efforts to determine whether active collection efforts should resume and must be performed on a regular basis. Such evaluation is performed at the agency whether debt is held at the agency or has been referred to other entities.</p> <p>Typically, agencies would resume active collection efforts on previously suspended debts when the debtor's financial position has improved. See Treasury's <i>Managing Federal Receivables</i> for additional examples of when agencies should resume active collection efforts on debts previously classified as temporarily suspended debts.</p>	
RM 4.8.11	Approval Required for Termination of Collection Action?	The agency determines whether approval from DOJ or FMS may be required prior to termination of collection actions for an accounts receivable.	<p>Except for agencies having independent statutory authority, DOJ concurrence is required, as applicable, when an agency suspends or terminates collection action on debts over \$100,000 (principal only). DOJ has delegated to FMS the authority to approve termination of collection action on a debt with a principal amount of \$500,000 or less when the debt is being serviced by FMS in its cross-servicing program.</p> <p>A decision to terminate collection of a debt must be approved by an appropriate managerial official. Proper segregation of duties must be maintained between the requestor and</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>approver of the action to terminate.</p> <p>Concurrence is requested by submitting a completed Claims Collection Litigation Report (CCLR) to the DOJ. See Appendix 10 of <i>Managing Federal Receivables</i> for details on preparing a CCLR.</p> <p>In compromising a debt, the agency must obtain approval from DOJ to compromise the debt when the principal balance of the debt before compromise exceeds \$100,000, or, if the debt is \$500,000 or less and the debt is in FMS's cross-servicing program, get approval from FMS unless the agency has independent statutory authority to compromise the debt.</p>	
RM 4.8.12	Approval Granted?	DOJ/FMS either approves or denies the request for termination of collection action.		
RM 4.8.13	Close-out Debt	The debt is closed out.	Treasury's <i>Managing Federal Receivables</i> guidance states that once the agency determines that collection action is legally barred or is no longer cost effective, the debt should be classified as a close-out.	RMC-12
RM 4.8.14	Meet 1099-C Reporting Requirements?	The agency determines whether the debt must be reported to the IRS as potential income.	<p>Agencies must follow statutory guidelines and IRS 1099-C instructions concerning cancellation of debt and must report cancellation of debt in the amount of \$600 or greater. Agencies may decide not to report debts less than \$600 that were cancelled in a calendar year. See IRS instructions and <i>Managing Federal Receivables</i> for additional information on 1099-C reporting.</p> <p>Depending on the type and amount of debt being compromised, the agency may be required to report the difference between the full amount of the debt and the amount paid by the</p>	

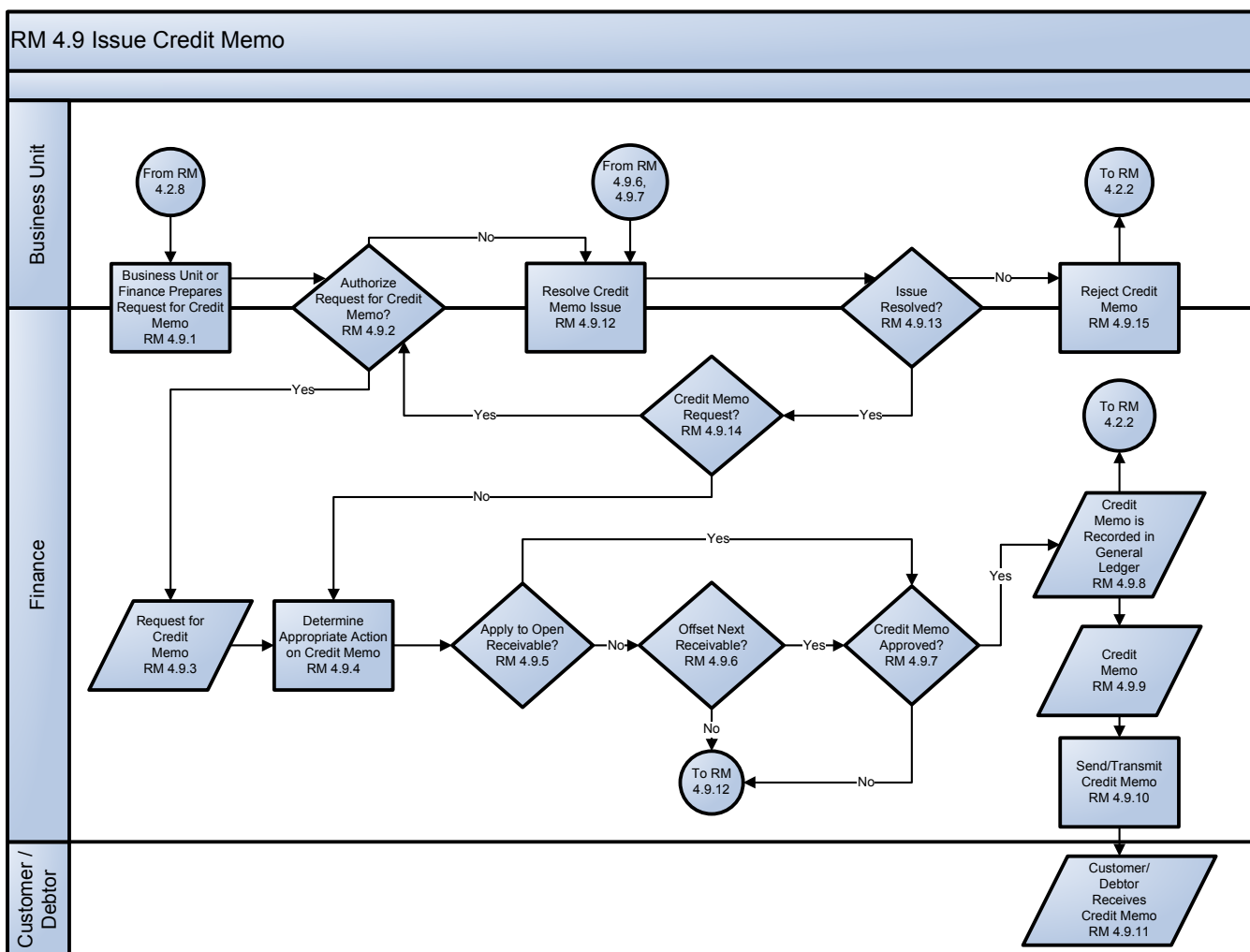
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>debtor in a compromise agreement to IRS as potential income on Form 1099-C.</p> <p>For example, if an agency agrees to accept anything less than the full amount owed for a \$300,000 debt because the debtor claims an inability to pay, the agency must seek DOJ approval for such compromise. If DOJ decides not to seek enforcement and approves the compromise, then the amount discharged should be written off as close-out and reported to the IRS on Form 1099-C.</p>	
RM 4.8.15	Generate/Route 1099-C	The agency or the entity to which debt has been referred generates Form 1099-C, "Cancellation of Debt" and sends it to the customer/debtor and the IRS.	Once a 1099-C has been issued an agency must cease collection efforts.	RMC-21
RM 4.8.16	Customer/ Debtor Receives 1099-C	Form 1099-C is received by the customer/debtor.		
RM 4.8.17	IRS Receives 1099-C	Form 1099-C is received by the IRS.		

## 4.9 ISSUE CREDIT MEMO

This section provides the process to determine the action an agency will take in response to triggering events such as overpayments, return of goods, or adjustments related to services provided from a debtor. The agency must determine whether or not to apply the amount to an open receivable or offset the next scheduled receivable.

The following flowchart provides key steps in the process for issuing a credit memo on an established accounts receivable. Included are steps to request and prepare a credit memo, adjust an accounts receivable balance, and generate and send the credit memo.

### RM 4.9 – Issue Credit Memo Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Issue Credit Memo process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.1	Business Unit or Finance Prepares Request for Credit Memo	A triggering event occurs creating the need for a credit memo to be issued to a customer/debtor. Examples of such triggering events include an overpayment from a customer/debtor, return of goods, or adjustment related to services provided.	An image of the documentation supporting the credit memo request shall be maintained in electronic or hard copy form, as applicable.  In an electronic environment, the request information is entered or interfaced to the Core Financial System at the time the request is prepared.	
RM 4.9.2	Authorize Request for Credit Memo?	The request for a credit memo is reviewed and the document is authorized or transmitted to the applicable functional area for resolution.	The review of a credit memo request should be performed by applicable designated personnel in either the business unit or Finance separate from the preparer of the request.  Designated personnel must review applicable supporting documentation to evaluate the request for a credit memo.	
RM 4.9.3	Request for Credit Memo	A document is generated to request a credit memo.		
RM 4.9.4	Determine Appropriate Action on Credit Memo	Finance personnel review supporting documentation and any applicable accounts receivable history to determine the proper actions needed to apply the credit memo.		
RM 4.9.5	Apply to Open Receivable?	If the customer/debtor owes funds to the agency on open accounts receivable balances, Finance personnel determine whether to apply the credit memo to an applicable open balance.	Finance should apply credit memos to open accounts receivable balances owed by the customer/debtor.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.6	Offset Next Receivable?	Finance personnel determine whether to hold the credit memo in order to offset the amount the agency would bill on a future receivable from the customer/debtor.	Finance personnel review the customer/debtor's account history to determine whether the agency should apply the credit memo by offsetting it against the amount of an expected future receivable from the customer/debtor.  The appropriate amount of time to hold a credit (e.g., anticipating a future receivable) should be outlined in agency guidelines.	
RM 4.9.7	Credit Memo Approved?	The credit memo is approved or transmitted to the appropriate functional area for resolution.	An individual other than the preparer will approve or transmit the unapproved credit memo to the appropriate functional area for resolution.	
RM 4.9.8	Credit Memo is Recorded in General Ledger	Accounts receivable customer/debtor balances and statuses are adjusted and updated to reflect the credit memo. Once the credit memo has been entered into the system and approved by appropriate personnel, it is captured in the subsidiary ledger and recorded in the general ledger.	The entries are recorded to the general ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the receivable.	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 SMB-33
RM 4.9.9	Credit Memo	A credit memo document is generated.		
RM 4.9.10	Send/Transmit Credit Memo	Finance sends/transmits the credit memo to the customer/debtor.	The credit memo is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	
RM 4.9.11	Customer/ Debtor Receives Credit Memo	The credit memo is received by the customer/debtor.		
RM 4.9.12	Resolve Credit Memo Issue	The responsible functional area (Business Unit or Finance) addresses issues related to unauthorized credit memo requests or unapproved credit memos.		



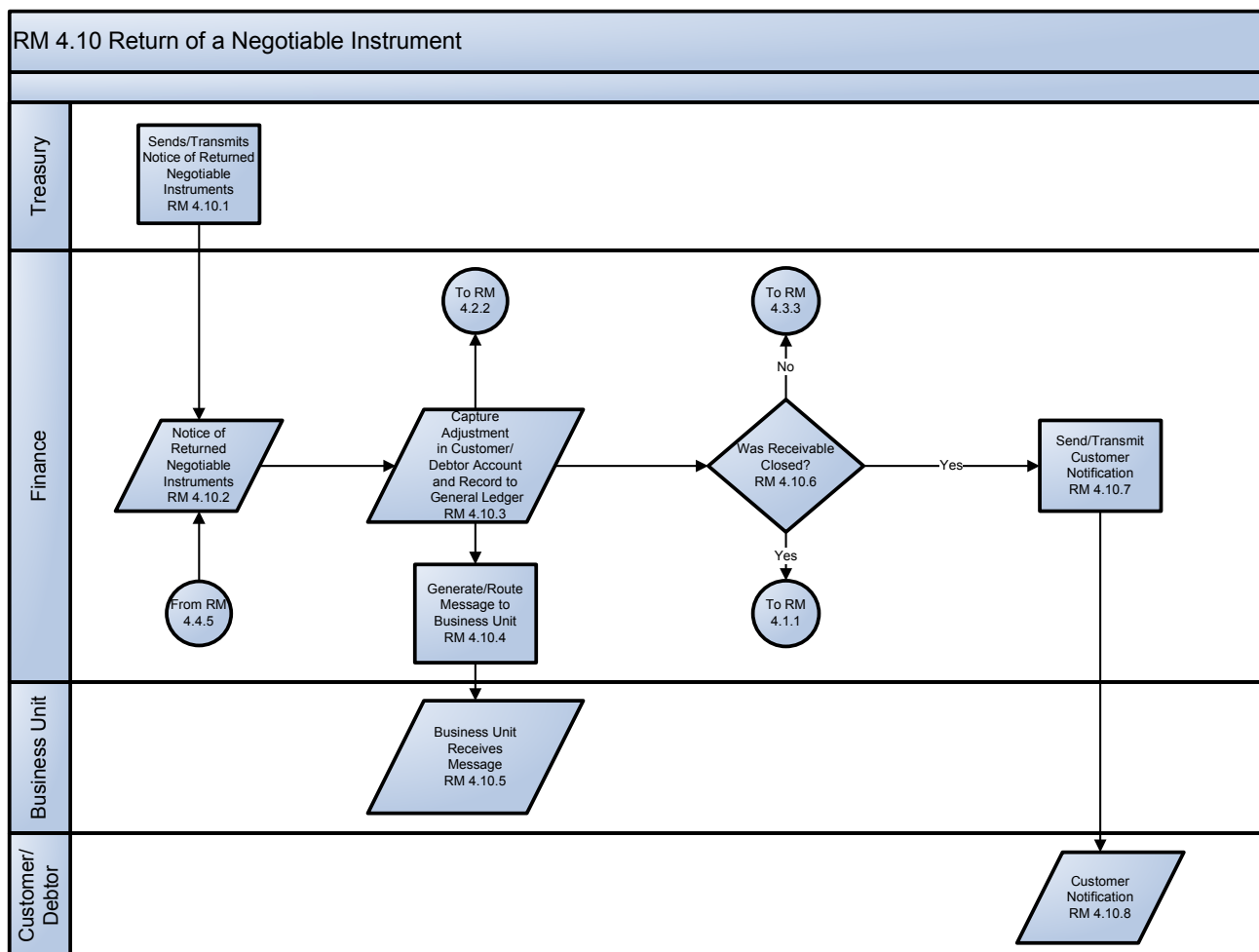
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.13	Issue Resolved?	<p>The responsible functional area determines if issues related to credit memo requests or credit memos were resolved.</p> <p>If resolution does not occur, the credit memo request or credit memo is rejected in step RM 4.9.15.</p>		
RM 4.9.14	Credit Memo Request?	<p>Determine if resolved issues were related to a credit memo request.</p> <p>If resolution was related to a credit memo request, the process flows to RM 4.9.2 “Authorize Credit Memo Request”.</p> <p>If the resolution was related to a credit memo, the process flows to RM 4.9.4 “Determine Appropriate Action on Credit Memo”.</p>		
RM 4.9.15	Reject Credit Memo	The credit memo request or credit memo is rejected.	Complete and sufficient supporting documentation must be provided or designated personnel will reject the credit memo request or credit memo.	

## 4.10 RETURN OF A NEGOTIABLE INSTRUMENT

This section provides the process to determine appropriate action in the event a negotiable instrument is returned uncollected to an agency. Although returned negotiable instruments have minimal impact on the accounts receivable balance, they must be given their due diligence as the potential for uncollectible amounts can increase over time. Examples of returned negotiable instruments include non-sufficient funds, closed customer/debtor accounts, stop payments, and disputed credit or debit charges. The cost of pursuing collection on immaterial amounts resulting from returned negotiable instruments can hinder an agency's overall financial management effectiveness. An agency's business process for returned negotiable instruments may also help to identify chronic returns from the same customers which can serve to support a change in agency policy or relationship with its customers.

The following flowchart provides key steps in the process to be followed when an agency receives notice of returned negotiable instruments for a customer/debtor. Included are steps to evaluate and record a returned negotiable instrument, and notify or bill the customer/debtor, as applicable.

### *RM 4.10 – Return of a Negotiable Instrument Flowchart*



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Return of a Negotiable Instrument process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.10.1	Sends/ Transmits Notice of Returned Negotiable Instruments	Treasury or the applicable Financial Institution (FI) sends/transmits a returned negotiable instruments notice to the agency on the account of a customer/debtor.		
RM 4.10.2	Notice of Returned Negotiable Instruments	A returned negotiable instrument notice is received by the agency.		
RM 4.10.3	Capture Adjustment to Customer/ Debtor Account and Record to General Ledger	The customer/debtor account is adjusted to reflect the returned negotiable instruments notice, and the new balance is reflected in the subsidiary and the general ledgers.	<p>The original bill is reopened in the Core Financial System and collections activities resumed. The original date of the bill is used for the purpose of calculating interest due the agency on delinquent payments.</p> <p>The entries are recorded to the general ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the receivable balance.</p>	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMB-20 SMB-33
RM 4.10.4	Generate/Route Message to Business Unit	A message describing the returned negotiable instrument notice is sent to the business unit which conducted business with the customer/debtor.	The agency should implement procedures to enable timely notification of business units about customer/debtors for which returned negotiable instrument notices have been received. Business units should have procedures to suspend services to customer/debtors in such a case.	
RM 4.10.5	Business Unit Receives Message	The Business Unit receives a message describing the returned negotiable instrument notice.		

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.10.6	Was Receivable Closed?	Finance determines whether the returned negotiable instruments notice is applicable to an existing customer/debtor account in the Core Financial System.	If the Core Financial System does not have an existing account for the customer/debtor, an accounts receivable must be established, as described in RM 4.1.	
RM 4.10.7	Send/Transmit Customer Notification	Finance sends/transmits the customer notification to the customer/debtor.	The customer notification is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	
RM 4.10.8	Customer Notification	The notification is received by the customer/debtor.		

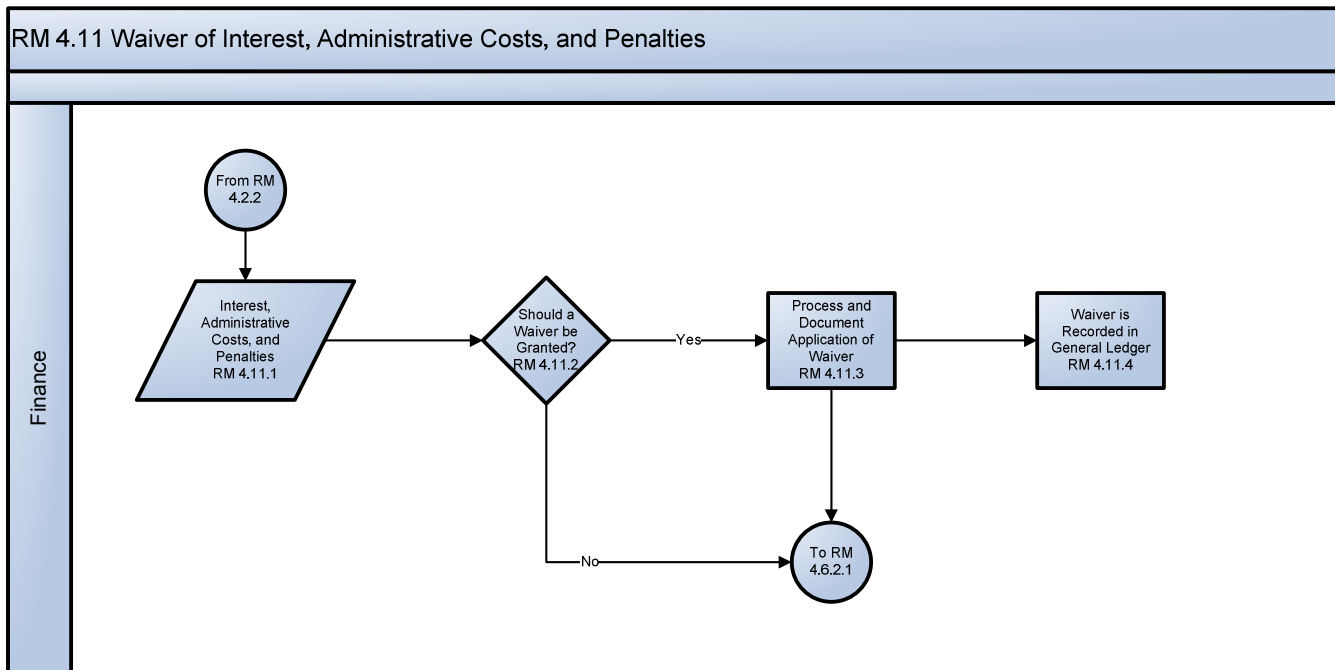
## 4.11 WAIVER OF INTEREST, ADMINISTRATIVE COSTS, AND PENALTIES

This section provides the process to waive interest, administrative costs, and penalties applied to customer/debtor accounts. The Federal Claims Collection Standards state that agency laws and regulations specifically applicable to claims collection activities of a particular agency generally take precedence over general government-wide claims collection standards. Flexibility needs to be built into the systems, procedures, and reporting to allow for exceptions to the standard business processes and reporting models.

The Debt Collection Act of 1982, as amended requires agencies, unless expressly prohibited or restricted by statute or contract, to assess three separate and distinct types of late charges on all delinquent debts. Late charges are categorized as interest, penalties, and administrative costs which agencies are required to waive when the associated debt is paid within 30 days of the date of delinquency. Agencies may also internally decide to waive these charges at its discretion pursuant to a compromise or settlement agreement or when collection of these charges is against equity and good conscience or is not in the best interests of the United States

The following flowchart provides key steps in the process to be followed when an agency determines whether to issue a waiver of interest, administrative costs, or penalties that have been applied on a delinquent account.

### ***RM 4.11 – Waiver of Interest, Administrative Costs, and Penalties Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Waiver of Interest, Administrative Costs, and Penalties process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.11.1	Interest, Administrative Costs, and Penalties	The initial input to the process is records of customer/debtor accounts which have been assessed interest and/or administrative costs and/or penalties.		
RM 4.11.2	Should a Waiver Be Granted?	The agency evaluates whether interest and/or administrative costs and/or penalties should be waived on a customer/debtor account.	<p>Treasury's <i>Managing Federal Receivables</i> guidance states that the agency is required to waive <i>interest</i> and <i>administrative costs</i> on a debt paid within 30 days of the date of delinquency. A waiver may be in whole or in part for each separate type of charge. The agency has discretion to waive interest, penalties, and administrative costs in accordance with its regulations, either (1) pursuant to a compromise or settlement agreement, or (2) when collection of these charges is against equity and good conscience or is not in the best interests of the United States. For example, a waiver may be appropriate when an agency cannot conduct a hearing within the statutorily required time frame (e.g., 60 days for salary offset).</p> <p>The Federal Claims Collections Standards note that agency laws and regulations specifically applicable to claims collection activities take precedence over the government-wide standards.</p>	
RM 4.11.3	Process and Document Application of Waiver	The agency processes a waiver of interest and/or administrative costs and/or penalties on a customer/debtor account in the Core Financial System.	Supporting information and supervisory approvals for waiving interest and/or administrative costs and/or penalties must be documented and maintained.	RMC-13

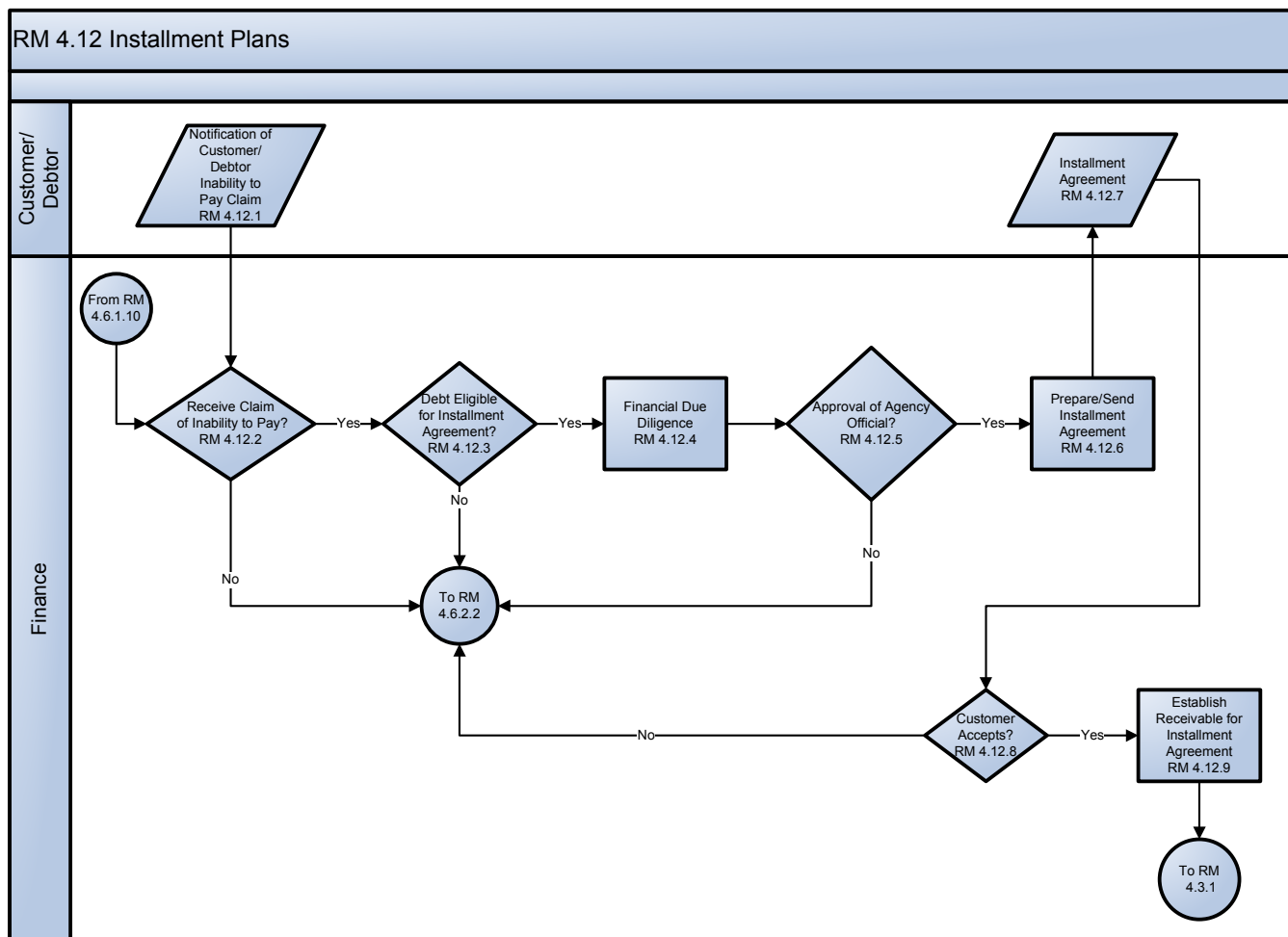
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.11.4	Waiver is Recorded in General Ledger	The waiver transaction is captured in the subsidiary ledger and recorded in the general ledger.	Waiver information is captured within the applicable subsidiary accounts and entries are recorded to applicable accounts in the and general ledger using the USSGL Account Transaction Listing provided in the TFM. Applicable entries are recorded based on earlier entries to record interest, administrative costs, and penalties.	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMC-11 SMB-02 SMB-33

## 4.12 INSTALLMENT PLANS

This section provides the process to collect debt over time. Installment plans represent a supplemental debt collection tool available to agencies. Installment plans should only be offered to customers who present valid evidence of inability to pay claims and are offered to those customers prior to offset or administrative wage garnishment. An agency should attempt to collect as large an initial payment as possible and the agreement should be drafted with the intent to collect the entire debt in three years or less. Any installment agreement should be drafted with the best interest of the agency in collecting the debt and should not in any way compromise its right to that debt. The agreement should contain sufficient terms such that the agency's rights to collect the debt are not compromised.

The following flowchart provides key steps in the process for entering into an installment agreement with a customer/debtor. Included are steps for determining eligibility for an installment plan, performing financial due diligence, and establishing accounts receivable for an installment agreement.

### RM 4.12 – Installment Plans Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.



The Receivables Management Installment Plans process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.12.1	Notification of Customer/ Debtor Inability to Pay Claim	Customer/debtor notifies the appropriate agency office of inability to pay current amount due.		
RM 4.12.2	Receive Claim of Inability to Pay?	Finance determines whether customer/debtor provided sufficient notification of inability to pay.	<p>In the event that the customer/debtor claims financial inability to repay the debt in a single lump sum, the agency may consider collecting the debt in installments.</p> <p>Before using certain collection remedies, such as offset and administrative wage garnishment, an agency should provide a debtor with the opportunity to enter into a reasonable repayment agreement. Based on the result of analysis of accounts receivable history for the customer/debtor, agencies may consider an installment agreement.</p>	
RM 4.12.3	Debt Eligible for Installment Agreement?	Finance determines if the debt is eligible for an installment agreement.	Agency policies and procedures should define criteria for the types and amounts of debts for which the agency will consider entering into an installment agreement.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.12.4	Financial Due Diligence	The agency conducts procedures to determine the validity of the customer/debtor's claim of inability to pay in a lump sum.	<p>Prior to entering into an installment agreement, an agency should verify the debtor's claim of inability to repay in a lump sum. Examples of documentation agencies may use are financial reports and credit reports. Additionally, an agency should enter into such agreements only when there is evidence the debtor has:</p> <ul style="list-style-type: none"> <li>• Shown willingness to abide by the terms of the agreement, including the repayment schedule; and</li> <li>• Ability to make the agreed-upon payments.</li> </ul> <p>For additional guidance on evaluating a debtor's inability to pay claim, refer to Treasury's Managing Federal Receivables, and as a supplement, The Collection Financial Standards available from the IRS.</p>	
RM 4.12.5	Approval of Agency Official?	A designated agency official approves or disapproves an installment agreement to collect the customer's debt.	The agency official reviews the results of the installment due diligence and eligibility determination procedures to determine if an installment agreement should be approved.	
RM 4.12.6	Prepare/Send Installment Agreement	Finance prepares and sends the approved installment agreement to the customer.	The installment agreement is sent to the customer/debtor in electronic or hard-copy format.	
RM 4.12.7	Installment Agreement	Customer receives the installment agreement.		
RM 4.12.8	Customer Accepts?	Customer accepts or fails to accept the terms of the installment agreement.		

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.12.9	Establish Receivable for Installment Agreement	Finance establishes an accounts receivable according to the terms of the installment agreement.	<p>In establishing the installment agreement in the Core Financial System, Finance must:</p> <ul style="list-style-type: none"> <li>• Close out the original bill(s);</li> <li>• Establish a new unbilled receivable referencing the prior bill(s) which have been closed; and</li> <li>• Include applicable terms of the installment agreement to enable the Core Financial System to generate a payment schedule which includes billing and payment due dates.</li> </ul>	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMB-21 RMB-22 SMB-33

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# Reimbursables Management Processes

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## 5.0 REIMBURSABLES MANAGEMENT PROCESSES

**This Section will be Part of a Future Standard Business Process Release.**

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# Reports Management Processes

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## 6.0 REPORTS MANAGEMENT PROCESSES

**This Section will be Part of a Future Standard Business Process Release.**

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# Appendix A – FMLoB Business Approach

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The FMLoB Business Process work stream follows a standard approach in the development of each business process area. The FMLoB Business Process was developed through a collaborative effort of the Federal financial management community. The project objectives were to:

- Define the objectives of standard business process
- Document the current business processes used within the 24 Chief Financial Officer Act agencies (the “as-is” environment)
- Determine which business processes should be included in the standard business process.

The FMLoB Business Process project was divided into four phases:

1. Project initiation
2. Development of FMLoB Business Processes vision and draft proposal
3. Validation of the FMLoB Standard Business Processes
4. Issuance of an exposure draft of the proposed Standard Business Processes.

During the initial phase of the project, the sponsors were engaged to help ensure that expectations were known, the project approach was acceptable, and requirements for government participation were defined.

The second phase established the vision for Standard Business Processes that defined the objectives of developing a standard structure and its contribution to the goals of the FMLoB initiative.

During the third phase, the draft proposal was refined and validated with three key stakeholder groups:

- Representatives of the 24 Chief Financial Officers Act agencies
- Vendors of financial management systems
- Federal shared service providers.

From April through August 2006, FSIO conducted a number of workshops with program agencies and vendors to address payments and receipts, funds management, and reporting.

During the final phase of the project, the team began to develop the *Financial Management Systems Standard Business Processes for U.S. Government Agencies* document.

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## Appendix B – FMLoB Glossary

Term	Definition	Source <sup>1</sup>
Accounting Classification	A subset of the agency financial information classification. The accounting classification structure provides a means for categorizing financial information along several dimensions as needed to support financial management and reporting functions. The data elements an agency includes in its accounting classification structure will depend in part on the implementation strategy for the USSGL, data aggregation requirements for preparation of financial statements under the CFO Act, appropriation structure, and other reporting and management needs of the agency.	FSIO Financial System Requirements; Multiple sources
Accounts Receivable	Amounts due from others when the right to receive funds accrues. This may result from the performance of services, the delivery of goods, or court-ordered assessment.	United States Standard General Ledger <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a>
Accrual	The term “accrual” is used in this document to refer to an accounting transaction to record expenses that have been incurred or revenues that have been earned without regard to when cash is received or disbursed.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry</a>
Accrual Accounting	A system of accounting in which revenues are recorded when earned and expenses are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>

<sup>1</sup> Sources are provided if available; otherwise, the term definition was developed for clarification of terminology.

Term	Definition	Source <sup>1</sup>
Accrual Accounting Basis	The basis whereby transactions and events are recognized when they occur, regardless of when cash is received or paid.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Administrative (Internal) Offsets with Accounts Payable	Is to withhold money payable by the Government to or held by the Government for a person or entity in order to satisfy a debt that the person or entity owes.	Treasury's Managing Federal Receivables <a href="http://fms.treas.gov/debt/Guidance_MFR.html">http://fms.treas.gov/debt/Guidance_MFR.html</a>
Administrative Wage Garnishment	A process whereby a Federal agency issues a wage garnishment order to a delinquent debtor's non-Federal employer. No court order is required. The employer withholds amounts from the employee's wages in compliance with the order and pays those amounts to the Federal creditor agency to which the employee owes a debt.	Treasury's Managing Federal Receivables <a href="http://fms.treas.gov/debt/Guidance_MFR.html">http://fms.treas.gov/debt/Guidance_MFR.html</a>
Agency	The term "Agency" means any executive department, military department, government corporation, government-controlled corporation, other establishment in the executive branch of the Federal government, or any independent regulatory agency. Within the Executive Office of the President, the term includes only OMB and the Office of Administration.	OMB Circular A-130, Transmittal Memorandum #4, Management of Federal Information Resources (11/28/2000)
Allotment	A subdivision of an apportionment made by an agency.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Application Fees	Receivables resulting from the processing of applications submitted by parties wishing to participate in a government offered program or service for which applications are necessary for participation in exchange for a fee.	

Term	Definition	Source <sup>1</sup>
Apportionment	A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Appropriation	A provision of law (not necessarily an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Asset Sales	The dollar amount of proceeds realized from the sale of a loan or debt including collections from sales of secured property.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="https://www.fms.treas.gov/debt/Wbktest3.htm">https://www.fms.treas.gov/debt/Wbktest3.htm</a>
Auction Receipts	Fees assessed to government sponsored auction attendees to recoup the costs associated with the auction to benefit the federal agency or program in the form of reducing a surplus of goods.	
Award Document	The term “Award Document” is used to represent the applicable instrument used by an agency to enter into a contractual arrangement with a provider of goods and/or services.	FSIO Payments Management Focus Group
Benefit Overpayments	Benefit payments, paid by Federal agencies, to entities or individuals, in excess of the amount prescribed by specific guidance governing the specific benefit type for which the payment was made.	
Billed Receivables	An amount owed the Government by an individual, organization, or other entity to satisfy a debt or claim where the government has communicated to the debtor the terms of the debt or claim in the form of a bill.	Treasury’s Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>

Term	Definition	Source <sup>1</sup>
Budget	The Budget of the United States Government setting forth the President's comprehensive financial plan for allocating resources. The Government uses the budget system to allocate resources among its major functions and individual programs. The budget process has three main phases: formulation, congressional action on the budget, and execution.	FASAB Statement of Federal Financial Accounting Standards No. 24
Budget Authority	The authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Budget Execution	Includes Funds Control and provides features to record, distribute, and control budget authority and spending in accordance with the provisions of OMB Circular A-11, Part 4, and Instructions on Budget Execution. Budget execution provides the ability to track the effects of financial events on the sources and uses of budgetary resources authorized by the President and Congress. Its primary purpose is to ensure that spending does not exceed funds appropriated or authorized.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Budget Formulation	During this phase of the budget cycle, the Executive Branch prepares the President's budget. OMB and the Federal Agencies begin preparing the next budget almost as soon as the President has sent the last one to Congress. OMB officially starts the process by sending planning guidance to Executive Branch Agencies in the spring. The President completes this phase by sending the budget to Congress on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Business Unit	For the purpose of this document, business unit refers to any program or administrative office/unit other than Finance or Acquisition units.	
Carryover	Funding collected in one fiscal year that was not obligated and is available to be used to meet requirements in the next fiscal year.	Treasury Directive: 31-04 <a href="http://www.treas.gov/regs/td31-04.htm">http://www.treas.gov/regs/td31-04.htm</a>

Term	Definition	Source <sup>1</sup>
Commitment	A commitment is an administrative reservation of funds that have not yet been obligated. Agencies use commitment accounts for the internal control of budgetary resources and to help prevent unauthorized use of available resources.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/2006)
Concentration	Moves funds from an account that settles the transactions to the Treasury General Account Fund at the Federal Reserve Bank of New York.	Treasury Financial Management Service
Concession Rents	Receivables resulting from an agreement between the agency and a party where the agency extends the use of agency property for the party to conduct a function or business in return for a fee.	
Core Financial System	<p>A core financial management system supports both the key financial management business processes of an agency as well as the financial aspects of non-financial management business processes (e.g., Acquisitions, Budget Planning, Payroll, Property, Grants, and Travel). Financial management business processes of an agency are defined as:</p> <ul style="list-style-type: none"> <li>• Budget and Finance</li> <li>• Accounting</li> <li>• Collections and Receivables</li> <li>• Payments</li> <li>• Assets and Liabilities</li> <li>• Reporting and Information</li> </ul> <p>The above processes are further defined in the Office of Federal Financial Management (OFFM) Core Financial Systems Requirements.</p>	OMB Circular A-127, Financial Management Systems (Draft)
Credit Debt Management/Debt Collection Cycle	The complete credit process, which is composed of four phases: credit extension, account servicing, delinquent debt collection, and termination/write-off/close-out/discharge of indebtedness.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>

Term	Definition	Source <sup>1</sup>
Credit Reform	<p>The purposes of the Credit Reform Act of 1990, are to:</p> <ul style="list-style-type: none"> <li>(1) Measure more accurately the costs of Federal credit programs</li> <li>(2) Place the cost of credit programs on a budgetary basis equivalent to other Federal spending</li> <li>(3) Encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries</li> <li>(4) Improve the allocation of resources among credit programs and between credit and other spending programs.</li> </ul>	<p>United States Code: 2 U.S.C. § 661</p> <p><a href="http://www.gpoaccess.gov/uscode/index.html">http://www.gpoaccess.gov/uscode/index.html</a></p>
Department of Justice Debt Management	The DOJ manages government-wide debt through the use of the Debt Management Module (DMM) which contains records of payments and administrative offsets of funds received and disbursed by the DOJ resulting from the litigation and enforced collection of civil and criminal debts owed to the United States.	<p>Justice Management Division: A division of the United States Department of Justice</p> <p><a href="http://www.usdoj.gov/jmd/foia/jmddcdms.htm">http://www.usdoj.gov/jmd/foia/jmddcdms.htm</a></p>
Disbursements	Amounts paid out by Federal agencies during the fiscal year. This term is used interchangeably with the term outlay.	TFM, Supplement to Volume I, Fund Balance with Treasury Reconciliation Procedures (10/4/2002)
Document Line	Document line represents contract or subcontract line items on a commitment obligation or payment document.	
DOJ Referral	Unless an agency has specific statutory authority to litigate its own debts, it must refer debts to DOJ for litigation, including bankruptcy litigation. Debts for which the principal amount is \$1,000,000 or less must be referred through DOJ's Nationwide Central Intake Facility (NCIF). FMS will refer to DOJ for litigation, debts that have been referred to FMS for cross-servicing, when appropriate.	<p>Treasury's Managing Federal Receivables</p> <p><a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a></p>
Donations	Gift of assets to a Federal agency, or component thereof. The item donated is recorded at its fair market value on the donation date. The donor does not have an owner's interest as a result of the donation.	



Term	Definition	Source <sup>1</sup>
Employee Allowances	Receivables resulting from employee receipts of funds in excess of actual expense.	
Employee Benefits Reimbursement	Receivables resulting from benefits paid on behalf of the employee that the employee must reimburse when they return to a pay status.	
Employee Overpayments	Receivables resulting from an administrative error where an employee received payments that were later to be found unauthorized.	
Employee Training Reimbursement	Receivables resulting from government-sponsored training in exchange for a fee from attendees.	
Employee Travel (Advances)	Receivables resulting from the advance to employees to cover employee travel expenses not to exceed the obligation amount.	
Enterprise Architecture	A strategic information asset base that defines the mission, the information necessary to perform the mission, the technologies necessary to perform the mission, and the transitional processes for implementing new technologies in response to changing mission needs.	E-Government Act of 2002, Title II, Chapter 36 Section 3601
Federal Enterprise Architecture	To facilitate efforts to transform the Federal government to one that is citizen-centered, results-oriented, and market-based, the Office of Management and Budget (OMB) is developing the Federal Enterprise Architecture (FEA), a business-based framework for Government-wide improvement. The FEA is being constructed through a collection of interrelated “reference models” designed to facilitate cross-agency analysis and the identification of duplicative investments, gaps, and opportunities for collaboration within and across Federal agencies.	Federal Enterprise Architecture Program Management Office
Federal Enterprise Architecture Business Reference Model (BRM)	The BRM is a function-driven framework for describing the lines of business and internal functions performed by the Federal government independent of the agencies that perform them. The BRM serves as the business layer of the Federal Enterprise Architecture (FEA). It provides a foundation on which the applications, data, and technology layers of the FEA are developed. Agency Capital Asset Plans (Exhibit 300s) will be mapped against this framework to identify opportunities for cross-agency collaboration and potential system redundancies.	OMB Circular A-11, Preparing, Executing, and Submitting the Budget

Term	Definition	Source <sup>1</sup>
Federal Enterprise Architecture Framework	The Federal Enterprise Architecture Framework (FEAF) provides an organized structure and a collection of common terms by which Federal segments can integrate their respective architectures into the Federal Enterprise Architecture (FEA).	Federal Enterprise Architecture Framework, V.1.1, Federal CIO Council, September 1999
Federal Payment	Any payment made by an agency. The term includes, but is not limited to: (1) Federal wage, salary, and retirement payments; (2) vendor and expense reimbursement payments; (3) benefit payments; and (4) miscellaneous payments including, but not limited to, interagency payments, grants, loans, fees, principal, interest, and other payments related to United States marketable and non-marketable securities, overpayment reimbursements, and payments under Federal insurance or guarantee programs for loans.	Treasury Green Book
Financial Accounting	A branch of accounting. The most noteworthy interpretations or classifications are those about which data pertain to the past and which pertain to the future. In other words, financial accounting is largely concerned with assigning the value of past transactions to appropriate time periods.	FASAB, SFFAS No. 1: Objectives of Federal Financial Reporting
Financial Event	Any occurrence having financial consequences to the Federal government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activities.	OMB Circular A-127, Financial Management Systems (07/23/1993)
Financial Management Systems	Financial systems and the financial portions of mixed systems necessary to support financial management, including manual or automated processes, procedures, controls, hardware, software, and support personnel. Financial systems include an information system, comprised of one or more applications, that is used for (1) collecting, processing, maintaining, transmitting or reporting data about financial events; (2) supporting financial or budgeting activities; (3) accumulating and reporting cost information; or (4) supporting the preparation of financial statements.	Federal Financial Management Improvement Act (FFMIA), OMB Circular A-127, Financial Management Systems (07/23/1993)

Term	Definition	Source <sup>1</sup>
Financial System	A financial system supports the financial management business processes required in an agency to track financial events to provide financial information that is significant to the financial management of the agency and is used for the preparation of agency financial statements. A financial system encompasses both automated and manual processes, procedures, internal controls, and a data repository and may include multiple applications that are integrated through a common database or are electronically interfaced, as necessary, to meet defined data and processing requirements to record financial events. These core applications directly support the financial management business processes of an agency.	OMB Circular A-127, Financial Management Systems (Draft)
Fines	Applied amounts on accounts and loans receivable due to the delinquency of a debt or noncompliance with terms of a preexisting agreement.	United States Standard General Ledger <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a>
Freedom of Information Act	Allows any person to request access to Federal agency records or information. Federal agencies are required to disclose records upon receipt of a written request, except for records that are protected from disclosure by nine exemptions or three exclusions in the Act.	United States Code: 5 U.S.C. § 552 <a href="http://www.gpoaccess.gov/uscode/index.html">http://www.gpoaccess.gov/uscode/index.html</a>
Gifts	Assets given to Federal agencies in cash or other form for which the Federal entity has no future obligation to the individual or entity, relative to the gift.	
Grants	A federal financial assistance award making payment in cash or in kind for a specified purpose.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Industrial Funding Fees	The Industrial Funding Fee (IFF) reimburses the General Services Administration (GSA) for the costs of operating Federal Supply Schedules program and recoups its operating costs from ordering activities. The IFF has been added by the Government to the contract price and is reflected in the total amount charged to the ordering activities.	General Services Administration, <a href="http://www.gsa.gov">http://www.gsa.gov</a>

Term	Definition	Source <sup>1</sup>
Information Security	The protection of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide: (1) integrity, which means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity; (2) confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and (3) availability, which means ensuring timely and reliable access to and use of information.	Federal Information Security Management Act of 2002
Information System	A discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Information Technology	Any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.	FAR 2.101
Interest	Interest is a sum paid or calculated for the use of capital. Financing interest is the charge assessed as a cost of extending credit as distinguished from additional interest which is the charge assessed on delinquent debts in order to compensate the Government for the time value of money owed and not paid when due. Additional interest is accrued and assessed from the date of delinquency.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Internal Control	A subset of management controls are the internal controls used to assure that there is prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets.	OMB Circular A-123, Management's Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004)

Term	Definition	Source <sup>1</sup>
Internal Control over Financial Reporting	Process for assessing the effectiveness of an entity's internal control over financial reporting.	OMB Circular A-123, Management's Responsibility for Internal Control, Appendix A (Revised 12/21/2004)
Internal Offset	Is where an agency that is owed a delinquent debt is also making one or more payments to its debtor and the agency determines that the payments can be offset to collect the debt. Internal Offset is a subset of Administrative Offset.	Treasury's Managing Federal Receivables <a href="http://fms.treas.gov/debt/Guidance_MFR.html">http://fms.treas.gov/debt/Guidance_MFR.html</a>
Intra-Governmental Payment and Collection	Intra-Governmental Payment and Collection (IPAC) System is comprised of three interrelated subsystems: (1) the IPAC application that processes Intra-Governmental Federal funds transfers between Agencies, (2) the Retirement and Insurance Transfer System (RITS) that processes retirement and health insurance payments by Federal agencies to the Office of Personnel Management (OPM), and (3) the Treasury Receivable Accounting and Collection System (TRACS) that processes check disbursement data returned to Federal Agencies for which Treasury has disbursing authority.	Treasury Financial Manual, Part 6, Chapter 4000, Intragovernmental Payment and Collection (IPAC) System
Investments	The long-term asset category of a classified balance sheet that appears immediately after the current assets. Listed in this category would be a bond sinking fund, funds held for construction, the cash surrender value of a life insurance policy owned by the company, and long-term investments in stocks and bonds.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-I.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-I.html</a>

Term	Definition	Source <sup>1</sup>
IPAC Transaction	A transaction processed through a Treasury-based system for which Federal Program Agencies (FPA) the intra-governmental transfer of funds, with descriptive data from one FPA to another.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/goals/ipac/index.html">http://www.fms.treas.gov/goals/ipac/index.html</a>
Judgments (Accident Claims)	Amounts owed to the agency resulting from a judgment, in the agencies favor, entitling them to receipt of funds resulting from an external party's non-compliance with a preexisting agreement and/or negligence.	
Leases	A legal agreement to pay rent to the lessor for a stated period of time. Sometimes the lease is in substance a purchase of an asset and a financing arrangement. For example, if a company agrees to lease a forklift truck for 60 months and the agreement cannot be canceled without purchasing the asset, it is possible the arrangement is more than a mere rental of equipment.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry</a>

Term	Definition	Source <sup>1</sup>
Loans	Financial assets created by the Government by providing money, goods or services directly or indirectly to the beneficiary entities, which entails a contractual right to receive back the moneys (or equivalents) along with interest thereon, if any, as per terms and conditions of the loan agreements.	Government Accounting Standards Advisory Board Publication: Accounting Standards for the Union Government and the State Governments, Exposure Draft 6, Issued March 30, 2007. <a href="http://www.gasab.gov.in/pdf/Exposure%20Draft%206%20%20Loans%20and%20Advances%20Made%20by%20Governments.pdf">http://www.gasab.gov.in/pdf/Exposure%20Draft%206%20%20Loans%20and%20Advances%20Made%20by%20Governments.pdf</a>
Management Controls	Management controls are the organization, policies, and procedures used by Agencies to reasonably ensure that (1) programs achieve their intended results; (2) resources are used consistent with Agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported, and used for decision making. Management controls, in the broadest sense, include the plan of organization, methods, and procedures adopted by management to ensure that its goals are met. Management controls include processes for planning, organizing, directing, and controlling program operations.	OMB Circular A-123, Management's Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004)

Term	Definition	Source <sup>1</sup>
Managerial Cost Accounting	Managerial cost accounting should be a fundamental part of the financial management system and, to the extent practicable, should be integrated with other parts of the system. Managerial costing should use a basis of accounting, recognition, and measurement appropriate for the intended purpose. Cost information developed for different purposes should be drawn from a common data source, and output reports should be reconcilable to each other	FASAB, SFFAS No. 4: Managerial Cost Accounting Standards and Concepts
Miscellaneous Receipts	Funds received that cannot be identified to a particular Federal program.	
Non-Reimbursable Sale of Goods or Services (User Fees)	Sale of goods or services where the basis of the exchange is not governed by a reimbursable agreement or trading partner transaction.	
Non-Monetary Exchange Transactions	An exchange between parties for goods received, services rendered, or other activity in accordance with a preexisting agreement where an exchange of anything other than currency is the basis for payment.	
Non-Monetary Transactions	Transactions not involving the exchange of currency.	
Non-Sufficient Funds Checks	Payments in the form of check not processed by a Financial Institution (FI) when the payment amount is in excess of the payee's account balance at the time of the FI's payment processing activity.	
Outlay	Outlay means a payment to liquidate an obligation (other than the repayment of debt principal). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt. Outlays are the measure of Government spending.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Payee	A person, corporation, or other public or private entity that is authorized to receive a Federal payment from an agency.	
Payment	A government disbursement of monies to any payee, including vendors, employees, private citizens, state, or local and foreign governments in accordance with Contract terms. The payment management function consists of the following processes: payee information maintenance, payment warehousing, payment execution, and payment confirmation and follow-up.	Treasury Financial Manual



Term	Definition	Source <sup>1</sup>
Penalties	A charge assessed on delinquent debts to discourage delinquencies and encourage early payment of the delinquent debt in full.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Program	Generally defined as an organized set of activities directed toward a common purpose or goal, undertaken or proposed by an agency in order to carry out its responsibilities. In practice, however, the term has many uses and thus does not have a well-defined, standard meaning in the legislative process. It is used to describe an agency's mission, programs, functions, activities, services, projects, and processes.	A Glossary of Terms Used in the Federal Budget Process (GAO 09/2005)
Program Overpayments Not Processed in the Core Financial System	Payment expected by a specific program, from a program beneficiary, in excess of original cost not yet processed in the Core Financial System.	
Rebates	Refunds resulting from a purchase of goods.	
Reimbursable Activity	A sum (1) that is received by an agency as a payment for commodities sold or services furnished either to the public or to another government account, and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts. Reimbursements between two accounts for goods or services are usually expenditure transactions/transfers.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Relocation	Receivables resulting from employee receipts of funds in excess of actual cost of relocating employees or employees not fulfilling the requirements of the agreement where they would be subject to payback the original amount paid by the agency.	
Salary Offset	Is the process of collecting a delinquent Federal non-tax debt from a Federal employee's current pay without his or her consent. Salary offset should be accomplished through centralized offset, unless centralized offset is unavailable.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>

Term	Definition	Source <sup>1</sup>
Sale of Goods and Services	A revenue account that reports the sales of merchandise. Sales are reported in the accounting period in which title to the merchandise was transferred from the seller to the buyer.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html</a>
Settlement	<p>Settlement refers to the accounting process recording the respective debit and credit positions of the two parties involved in a transfer of funds.</p> <p>Funds are available for use and may be drawn at any time afterward. Funds transferred through Fed Wire are available for use at the time the transfer occurs, and are settled by adjusting the reserve account balances of the sending and receiving banks. Checks, automated clearinghouse transfers, and other payments between banks are settled on a provisional basis, because the possibility exists that the person initiating the transfer of funds may not have sufficient funds to cover the payment, or the payment cannot be processed for various reasons.</p>	Treasury Financial Management Service
Shared Services	Shared services are a bringing together of functions that are frequently duplicated across component Agencies and delivering these services more efficiently and with a customer service orientation. Sharing services leads to the elimination of redundancies.	
Sharing Agreements (Billing)	An agreement established between two or more parties for the purpose of sharing the use of an asset.	
Sharing Agreements (Collections)	An agreement established between two or more parties for the purpose of sharing the use of an asset.	
Single Integrated Financial Management System	A unified set of financial systems and the financial portions of mixed systems (e.g., Acquisition) encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage the financial operations of the agency, and report on the agency's financial status to central agencies, Congress, and the public.	OMB Circular A-127, Financial Management Systems (07/23/1993)

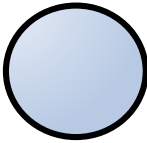

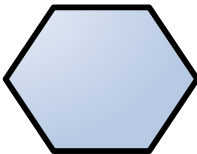
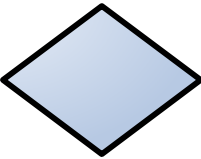
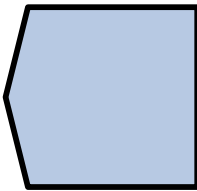


Term	Definition	Source <sup>1</sup>
Tax Receivables and Duties	Amounts of identifiable, measurable, and legally enforceable taxes due from entities.	United States Standard General Ledger <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a>
Transactions in Foreign Currency	Monies distributed to a U.S. government agency that must be converted to the U.S. dollar equivalent using the current United States Treasury's reporting rates of exchange.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/intn.html">http://www.fms.treas.gov/intn.html</a>
Treasury Cross-Servicing	The process whereby agencies refer delinquent Federal non-tax debts to FMS or DOJ for collection. FMS or DOJ apply a variety of collection tools once agencies refer their debts.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Treasury Debt Management	A Program sponsored by the United States Department of Treasury, Debt Management Services (DMS), is to improve the quality of the Federal government's financial management by increasing the collection of delinquent debt owed to the government, by providing debt management services to all Federal agencies, and by protecting the financial interests of the American taxpayer. DMS also develops and implements government-wide debt management policies.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/debt/index.html">http://www.fms.treas.gov/debt/index.html</a>
Treasury Financial Manual	The <a href="#">manual issued by the Financial Management Service</a> containing procedures to be observed by all Agencies, FRBs, and FIs with respect to payments, collections, central accounting, financial reporting, and other government-wide fiscal responsibilities of the Treasury.	Green Book, Glossary

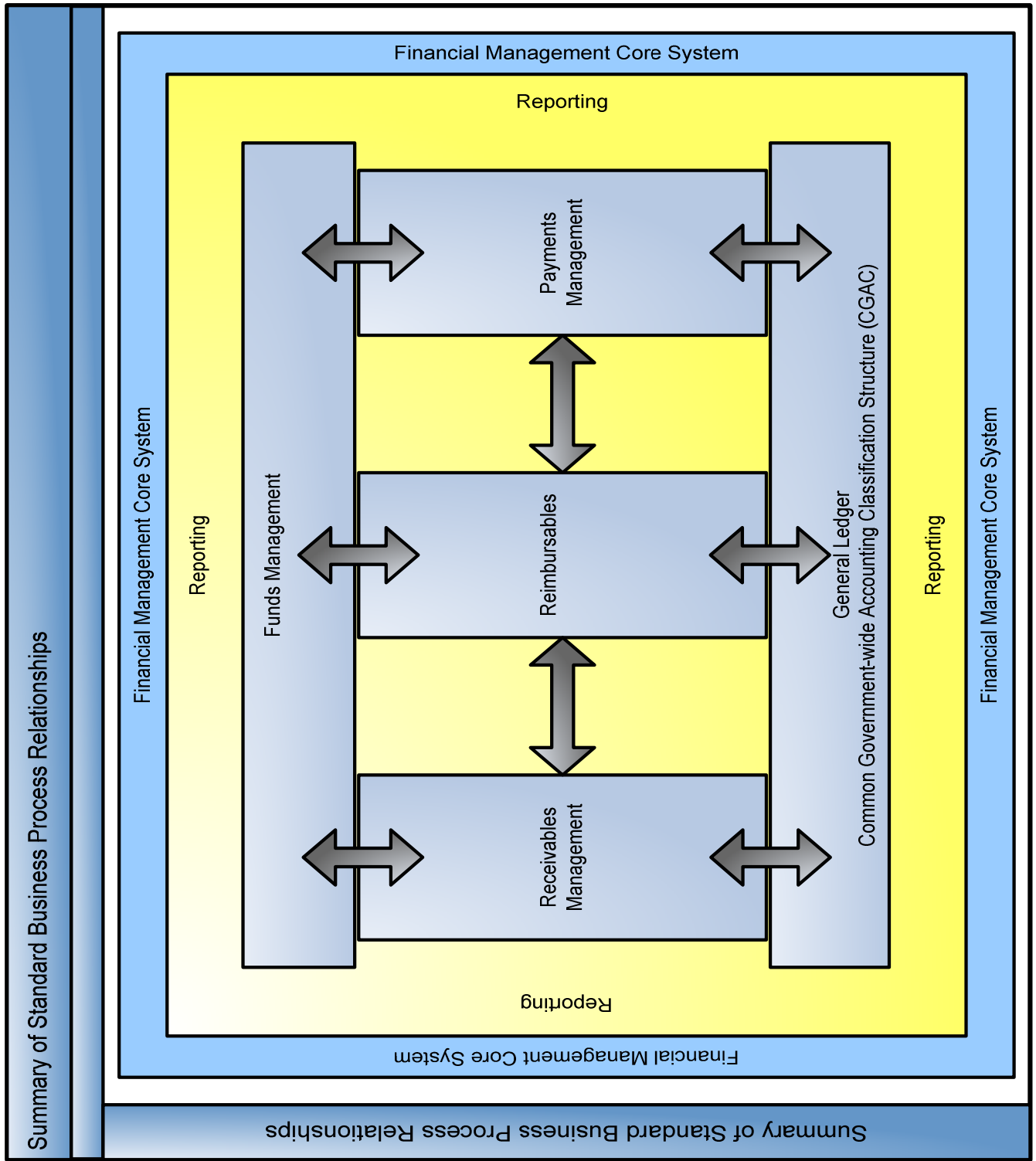
Term	Definition	Source <sup>1</sup>
Trust Fund Programs	Trust funds are those designated by law as such, whereby receipts are earmarked for spending on specific purposes. Trust funds are established to carry out purposes of a trust agreement or statute.	United States Standard General Ledger, Federal Trust Fund Accounting Guide. <a href="http://www.fms.treas.gov/ussgl/tfguide.html">http://www.fms.treas.gov/ussgl/tfguide.html</a>
Unbilled Overpayments	Receivables resulting from an agency payment to a party in excess of the actual cost where the agency has not yet communicated, in the form of a bill, the excess payment to the party.	
United States Standard General Ledger (USSGL)	A uniform list of accounts that support transactions that standardizes Federal agency accounting and supports the preparation of standard external reports. The U.S. Government Standard General Ledger Chart of Accounts (1) provides control over all financial transactions and resource balances, (2) satisfies basic reporting requirements of OMB and Treasury, and (3) integrates proprietary and budgetary accounting.	Treasury Financial Manual, Volume I
User Fees	Fees which the service or program beneficiary pays for the cost of the services received, or the burden imposed on the program in the form of a fee.	
USSGL Account	An account within the uniform chart of accounts used by Federal agencies to record budgetary and proprietary accounting transactions.	Volume I, U.S. Government Standard General Ledger (Uniform Chart of Accounts 08/2006)
Vendor Overpayments	Receivables resulting from vendor receipts of funds in excess of the actual cost.	
Vendor Payment	The electronic transfer of funds and payment-related information used by the Federal government for payments to businesses that provide goods and services to Federal agencies and other payment recipients, such as State/local governments and educational institutions.	Treasury Greenbook, Guide to Federal ACH Payments and Collections

## Appendix C – Business Process Flowcharts Symbols and Definitions

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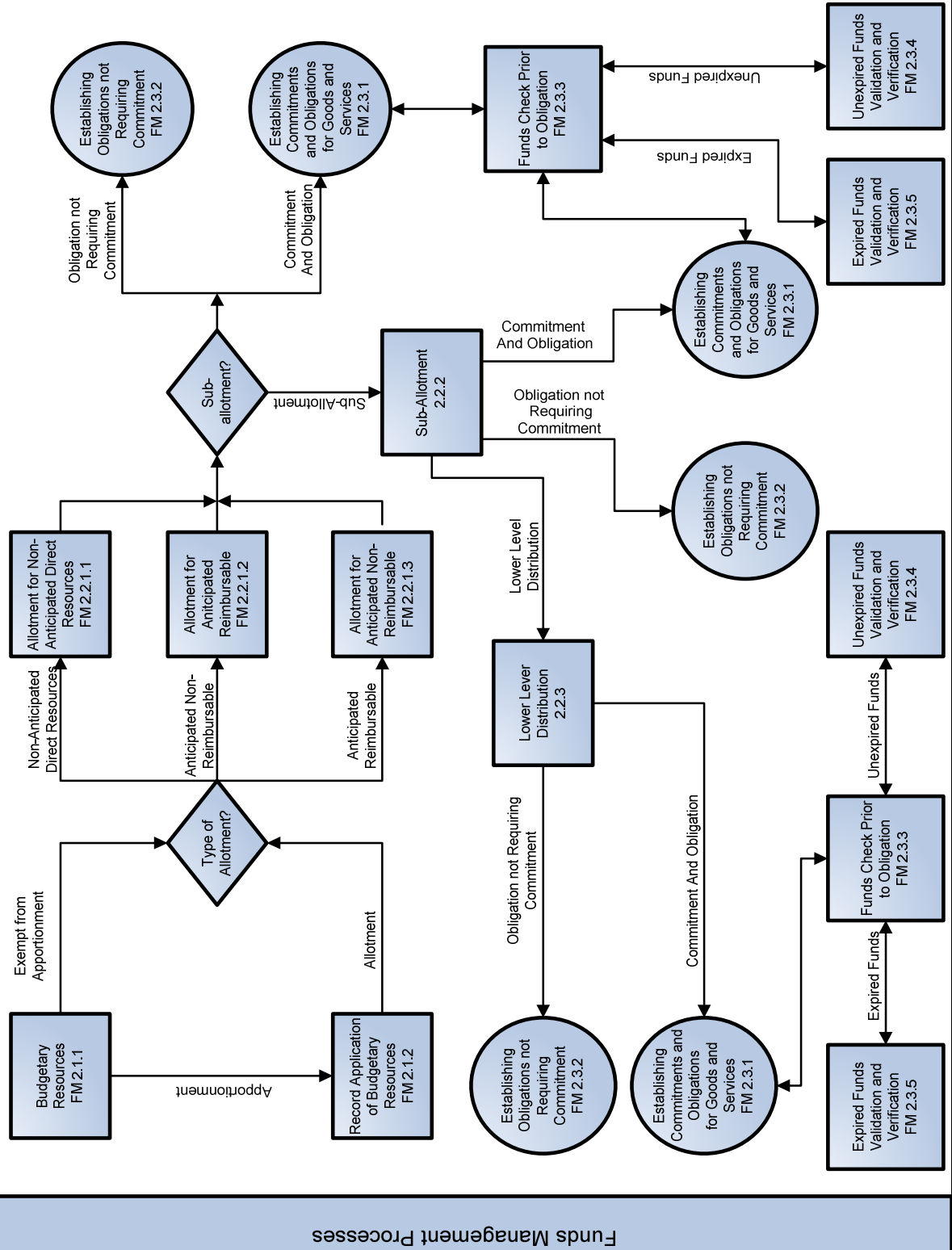
### Flowchart Symbols Defined:

Name	Symbol	Definition
Connector		This symbol indicates a jump from one point to another in a process flow.
Data		This symbol represents electronic input to and/or outputs from a process.
Data Transmission		This symbol indicates the transfer of data to an external location. This symbol is used with a dashed connector line when the recipient is not depicted on the flowchart.
Decision		This symbol indicates a question or branch in the process flow.
Electronic Notification		This symbol indicates a message transmitted for the purpose of electronically communicating the result of an action
Process		This symbol represents a process or action step.
Terminator		This symbol indicates that the current process flow is ending at this point and is part of a separate process flow.

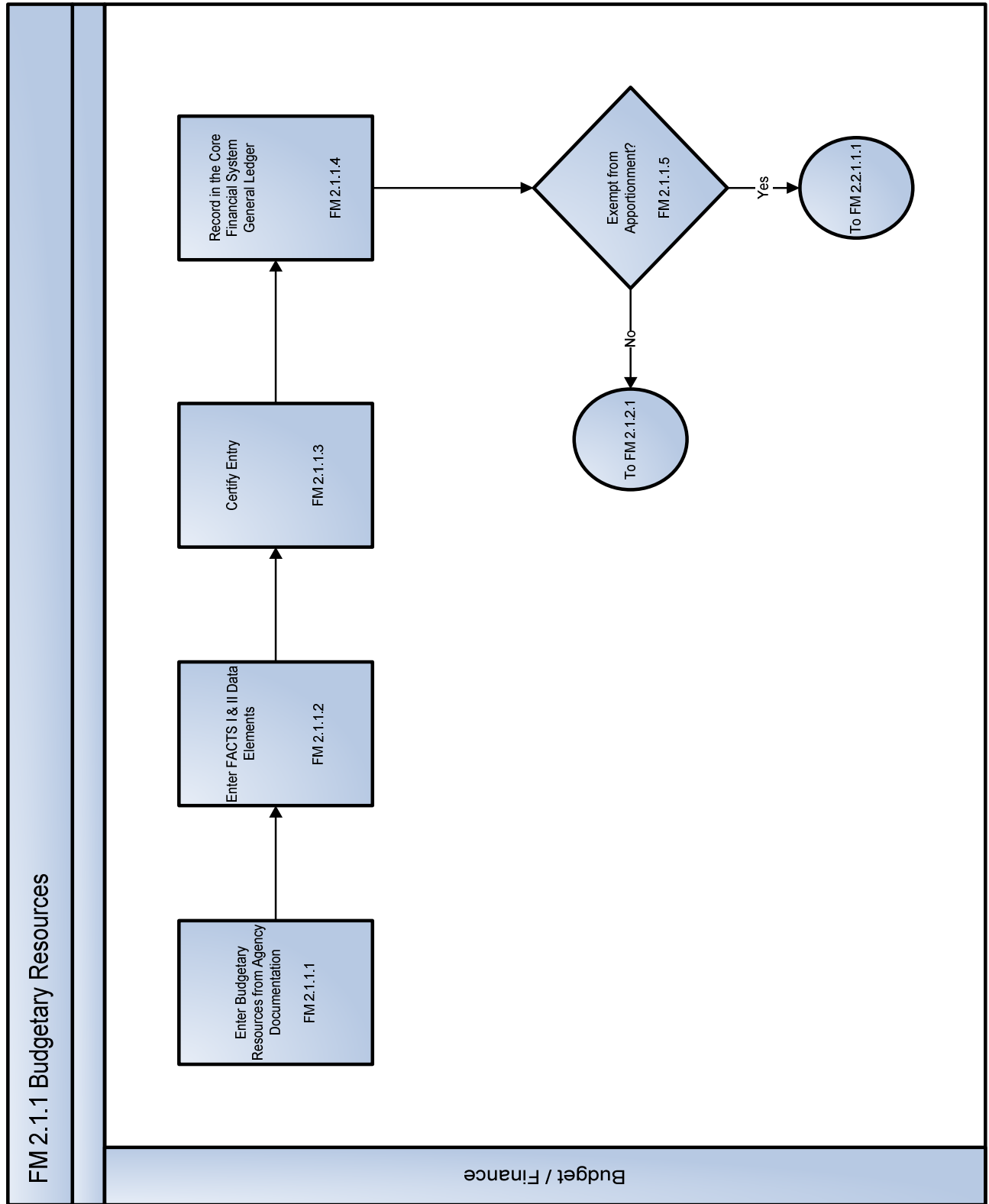


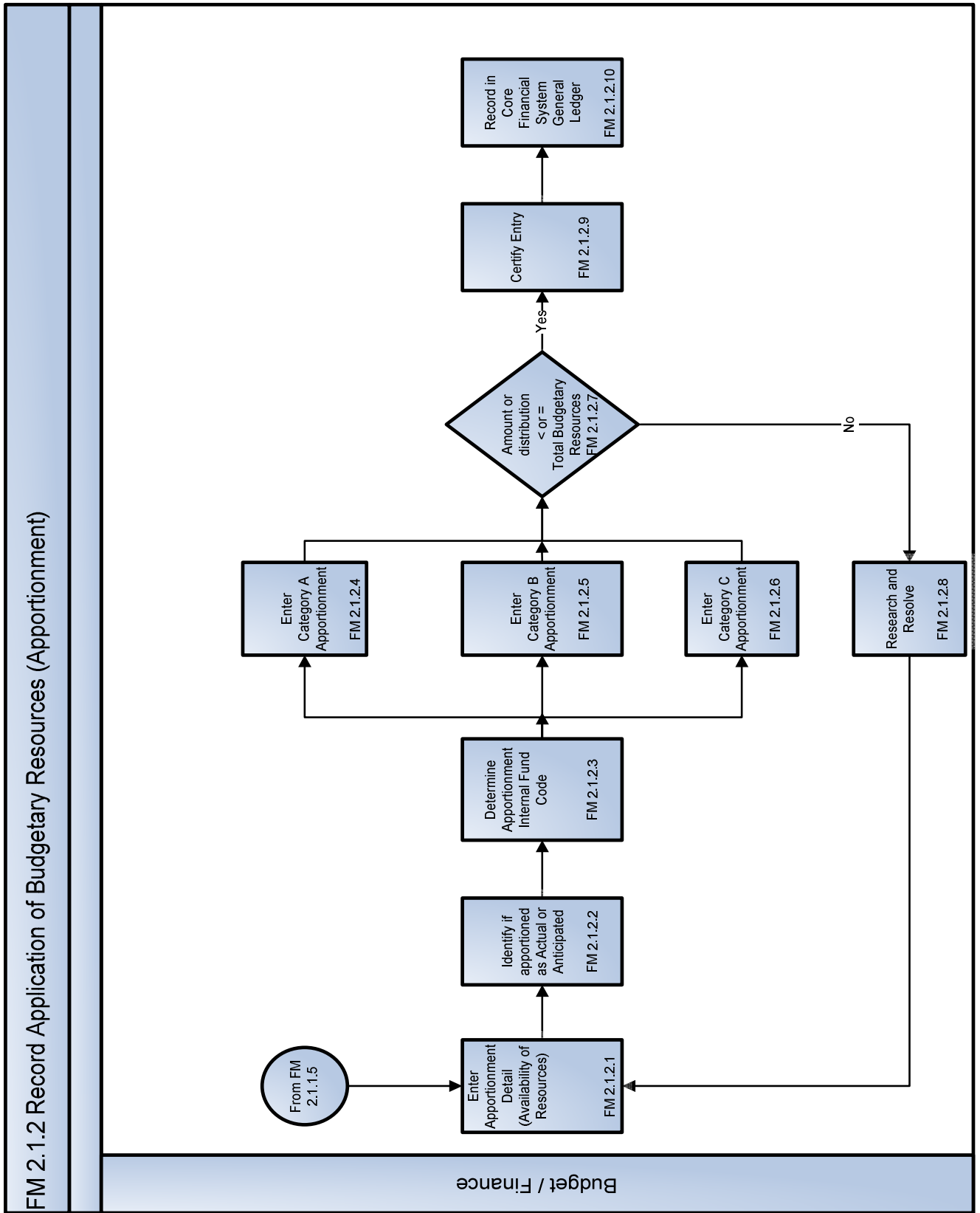
# FUNDS MANAGEMENT PROCESS FLOWS

## Summary of Funds Management Flowcharts

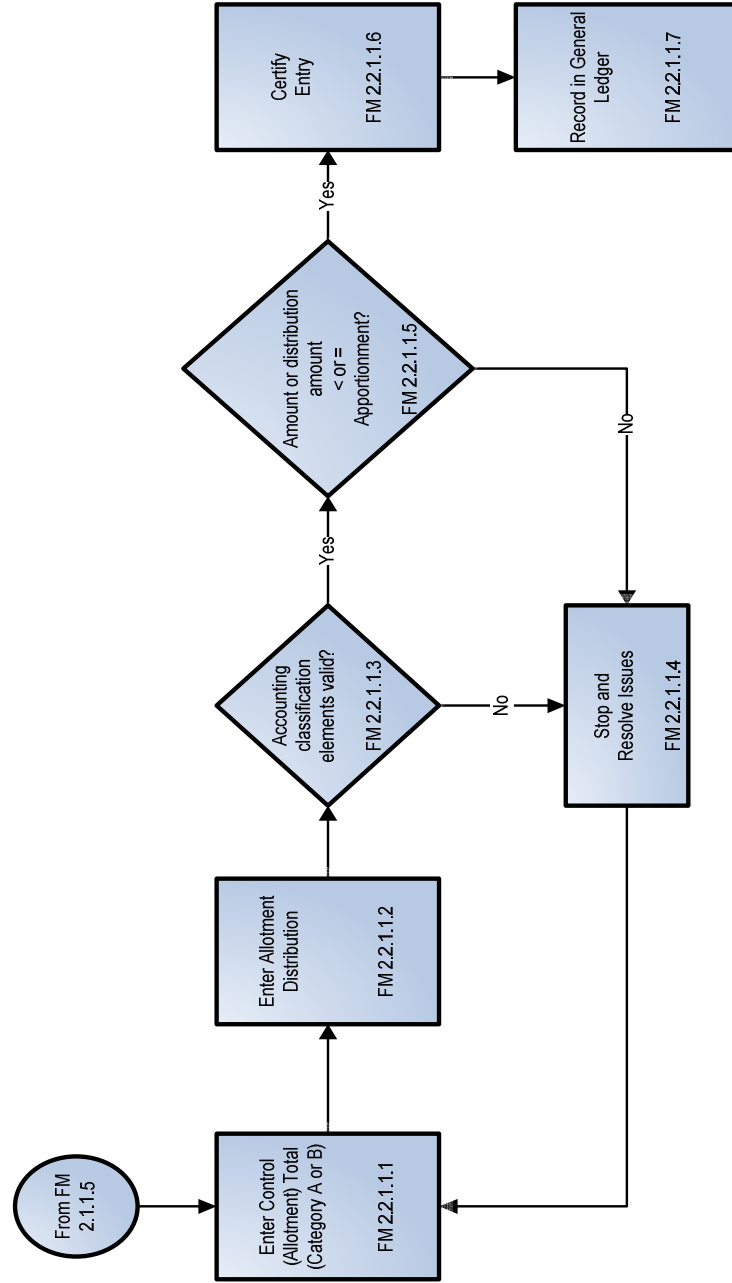






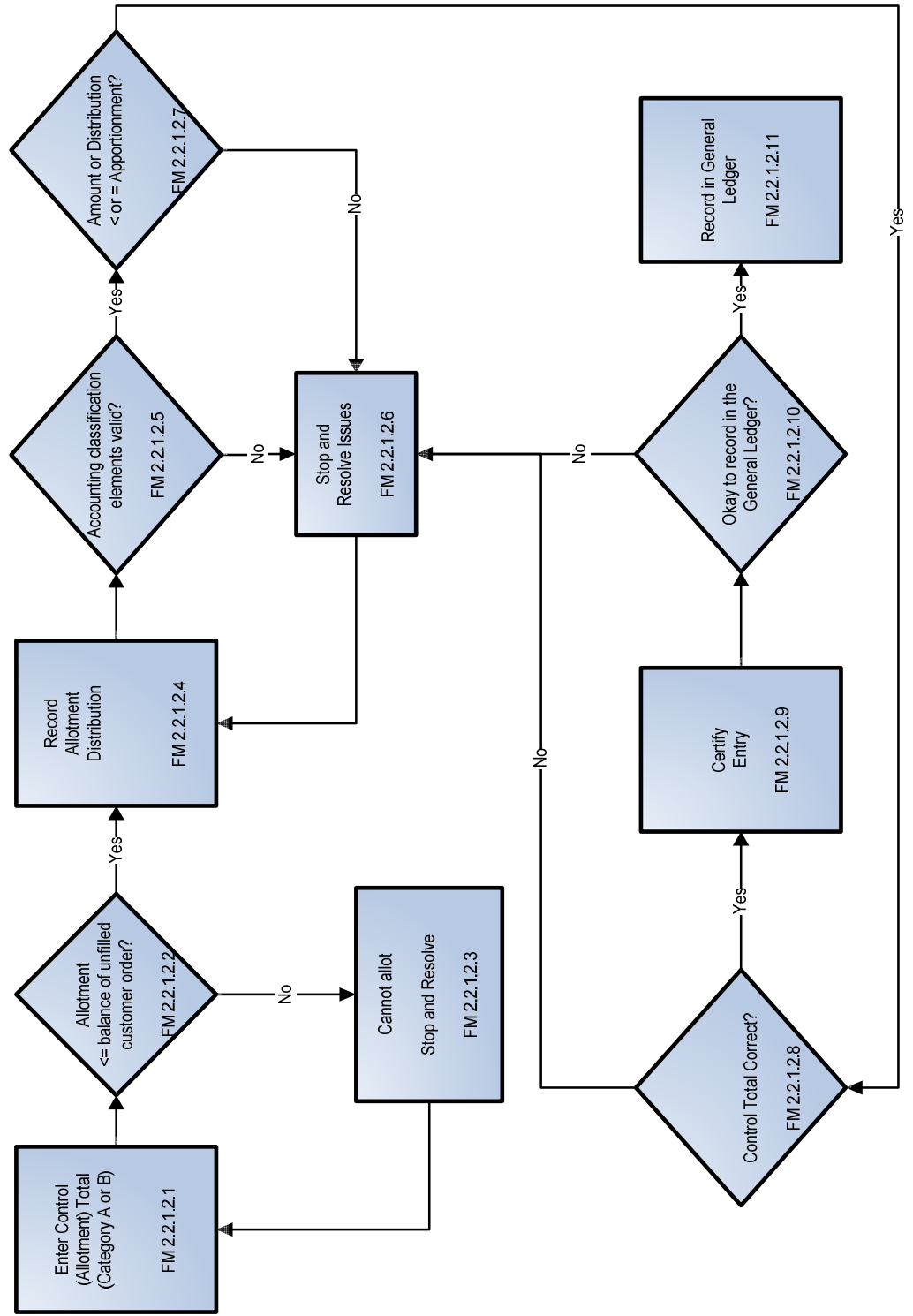


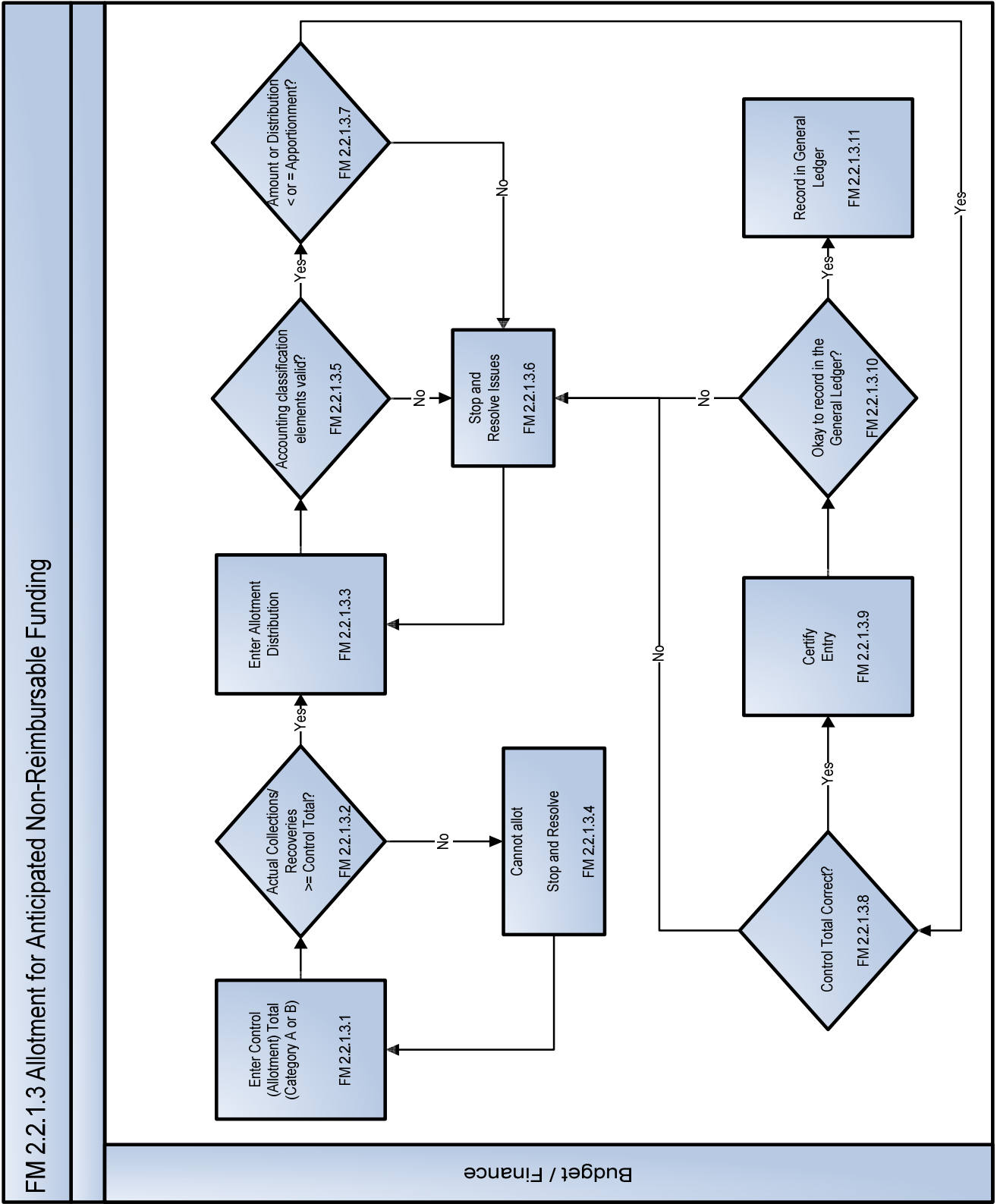
## FM 2.2.1.1 Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding

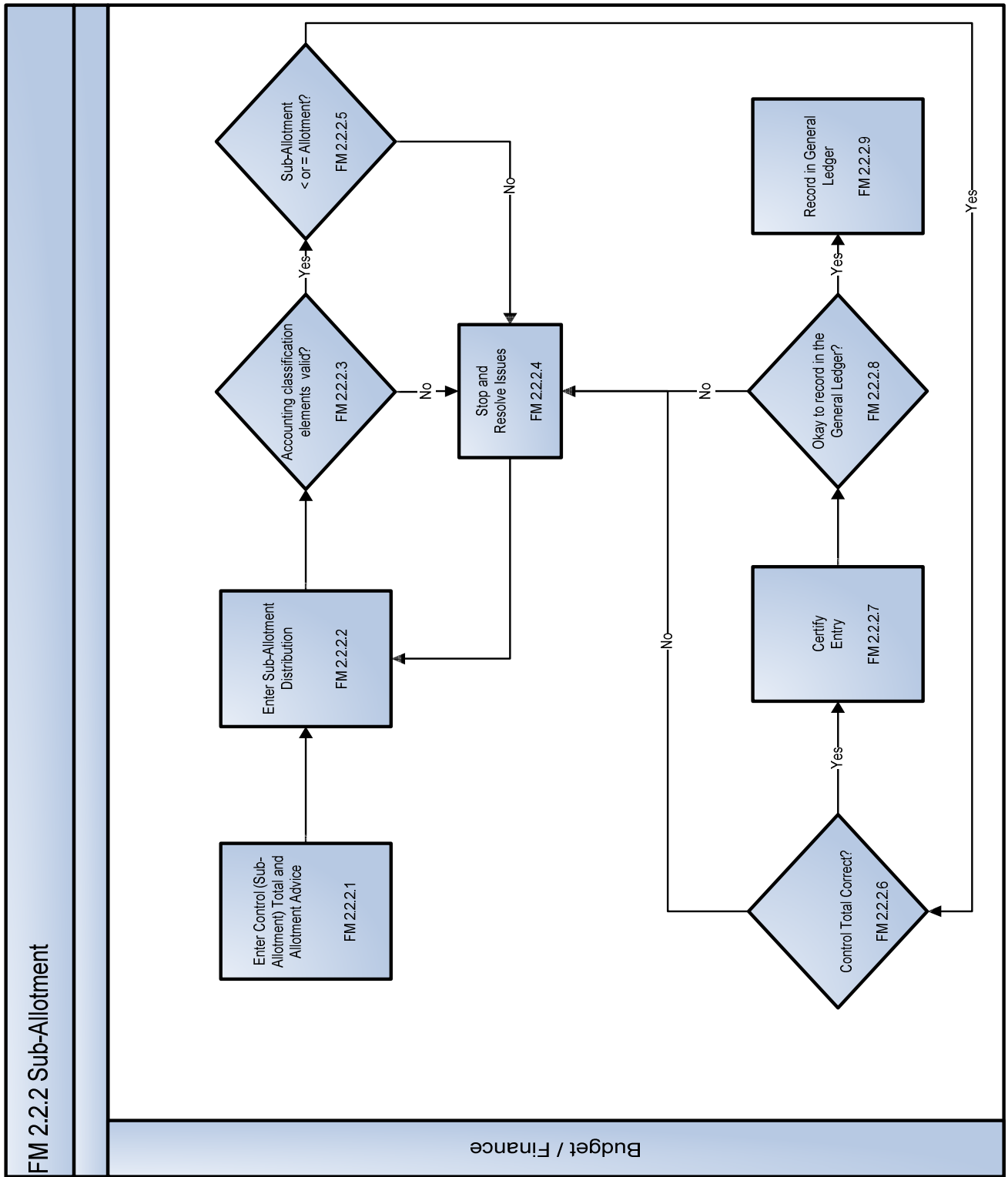


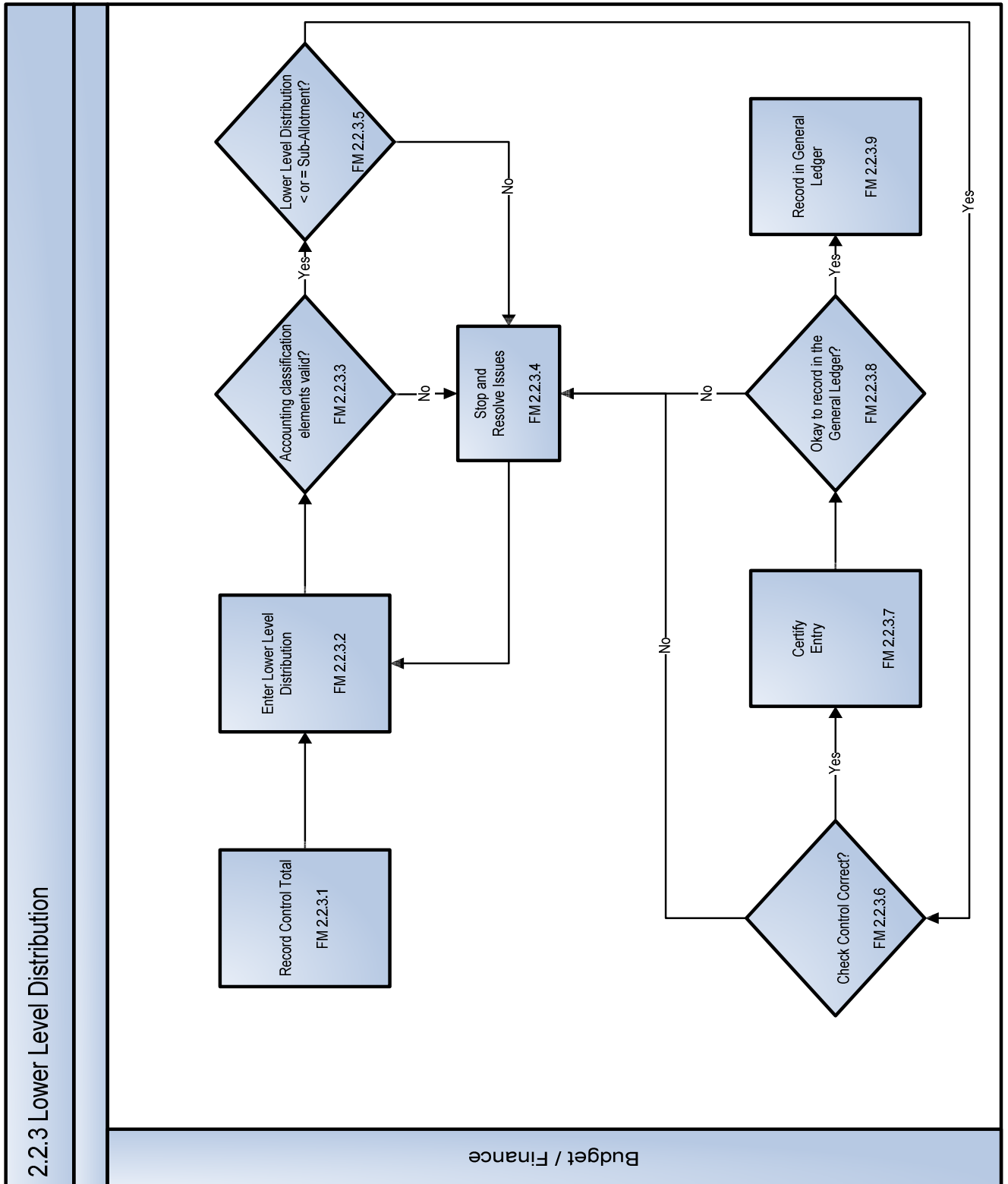
Budget / Finance

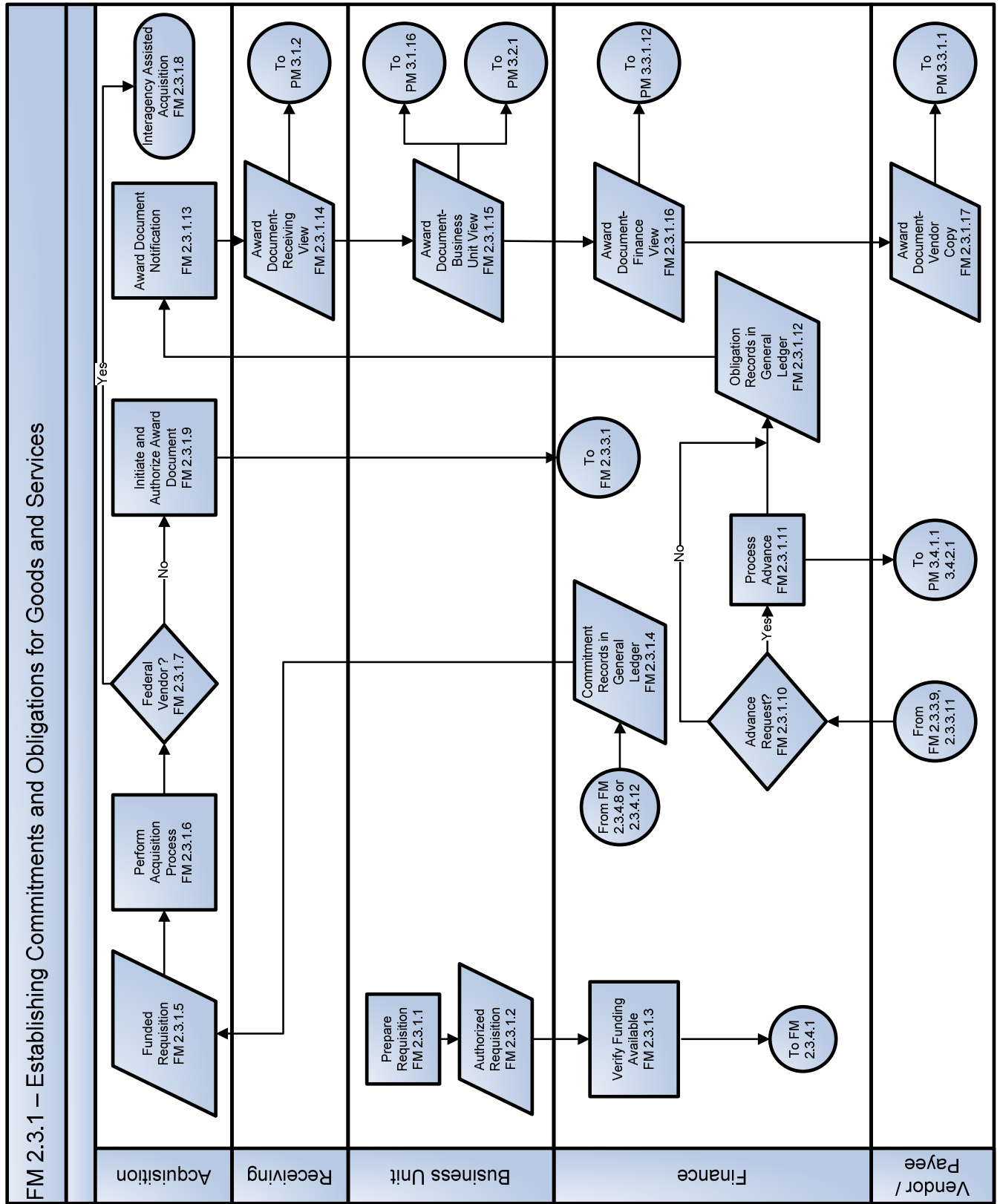
## 2.2.1.2 Allotment for Anticipated Reimbursable Funding



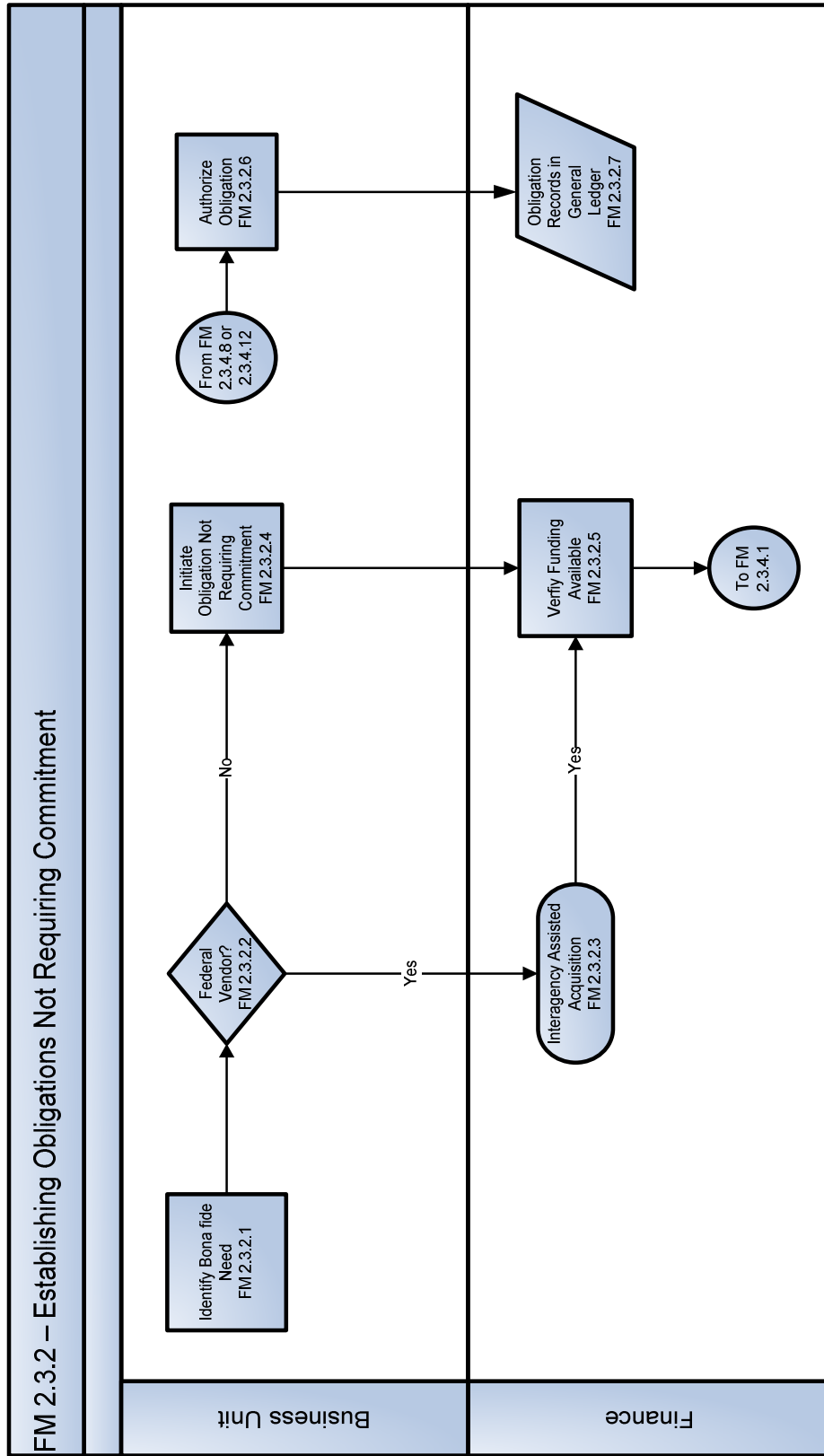


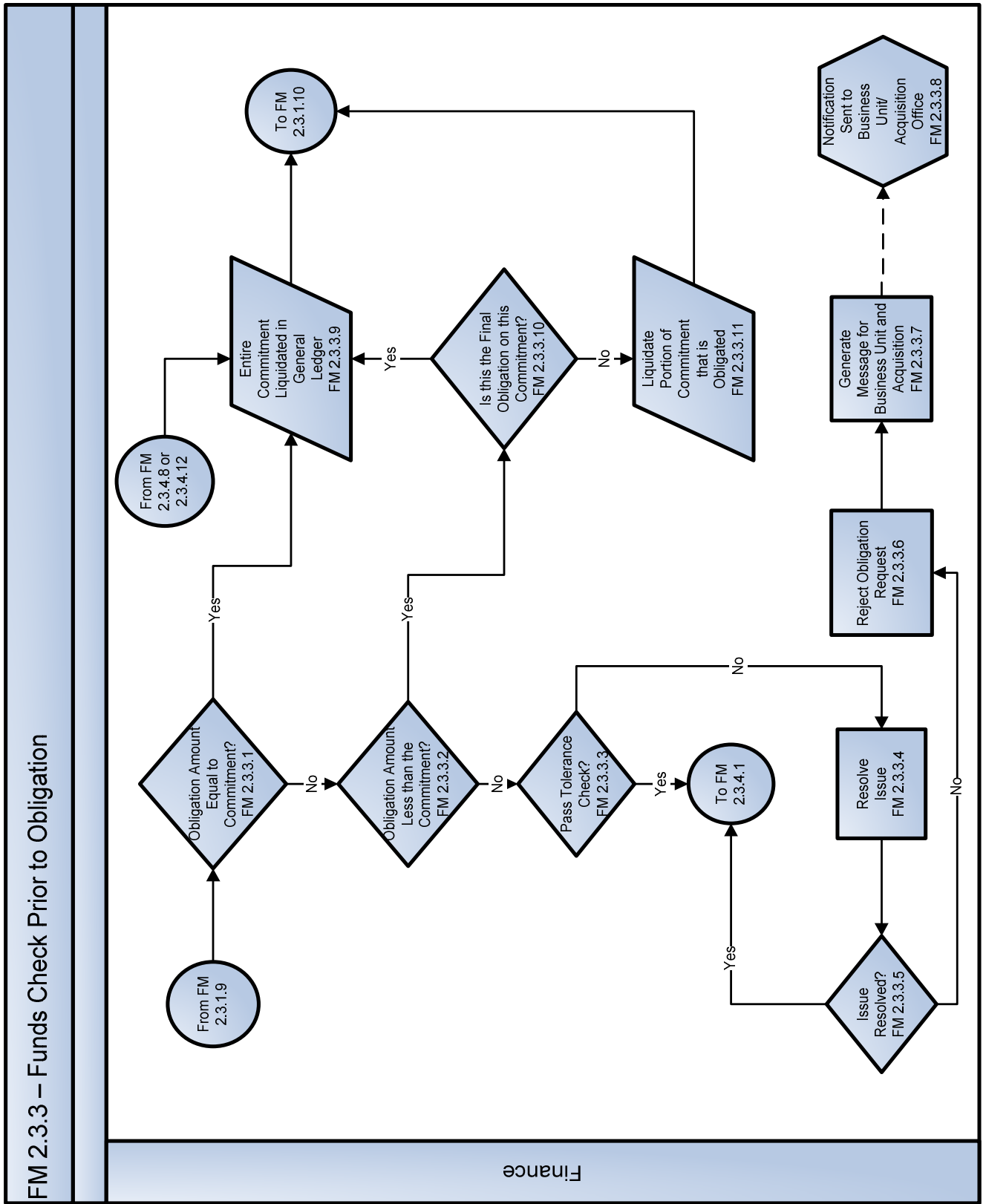




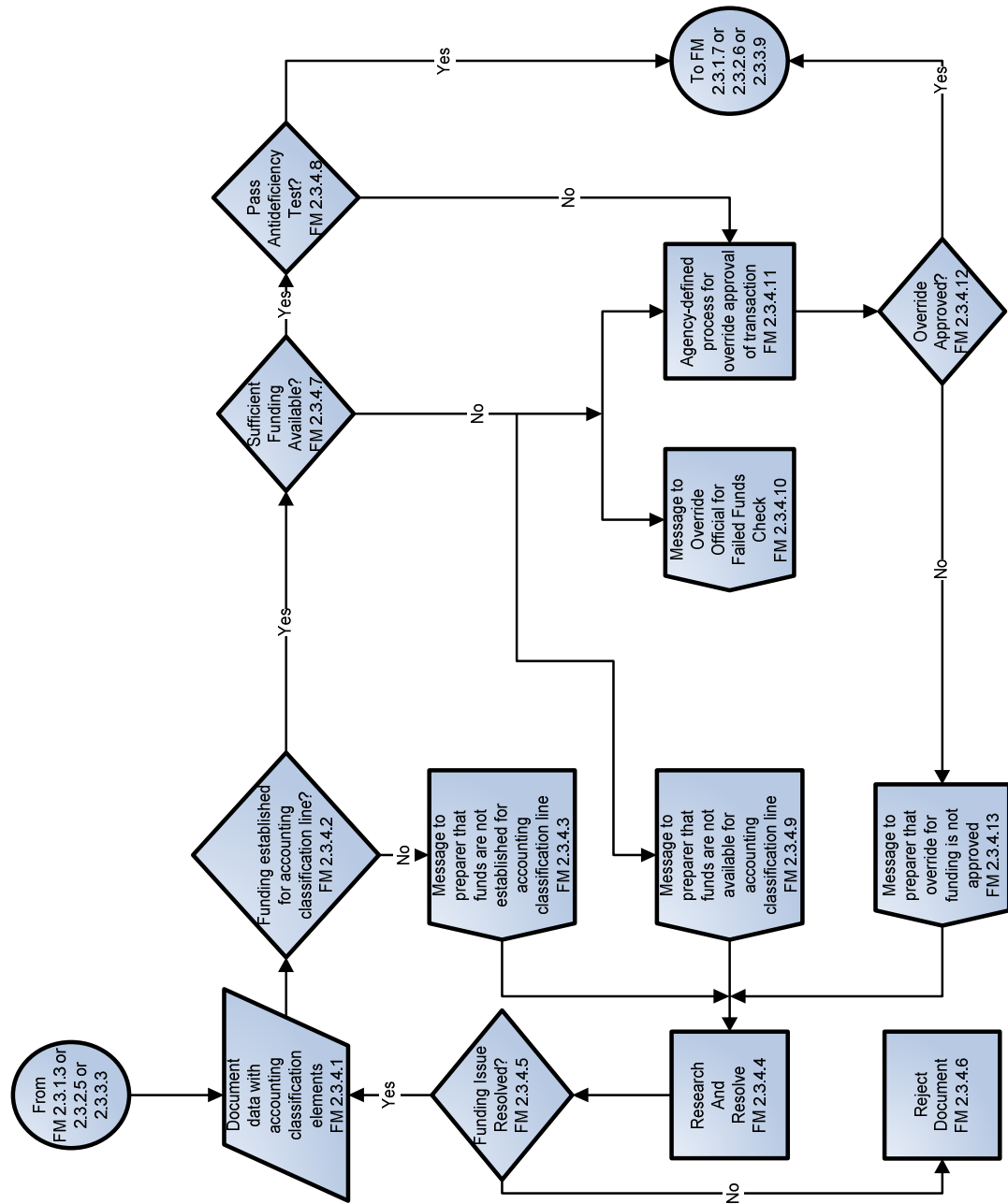






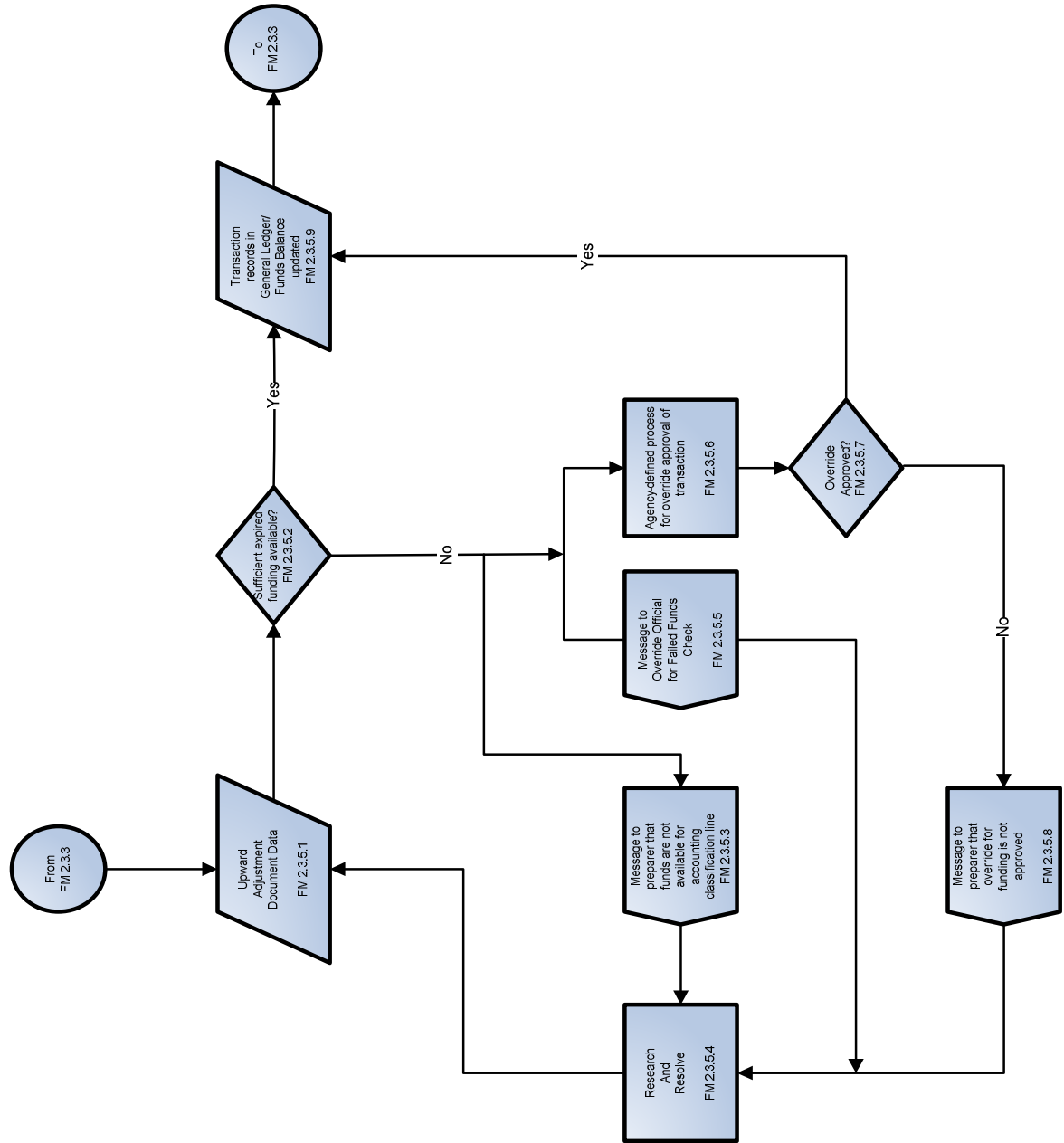


## 2.3.4 Unexpired Funds Validation and Verification



Finance

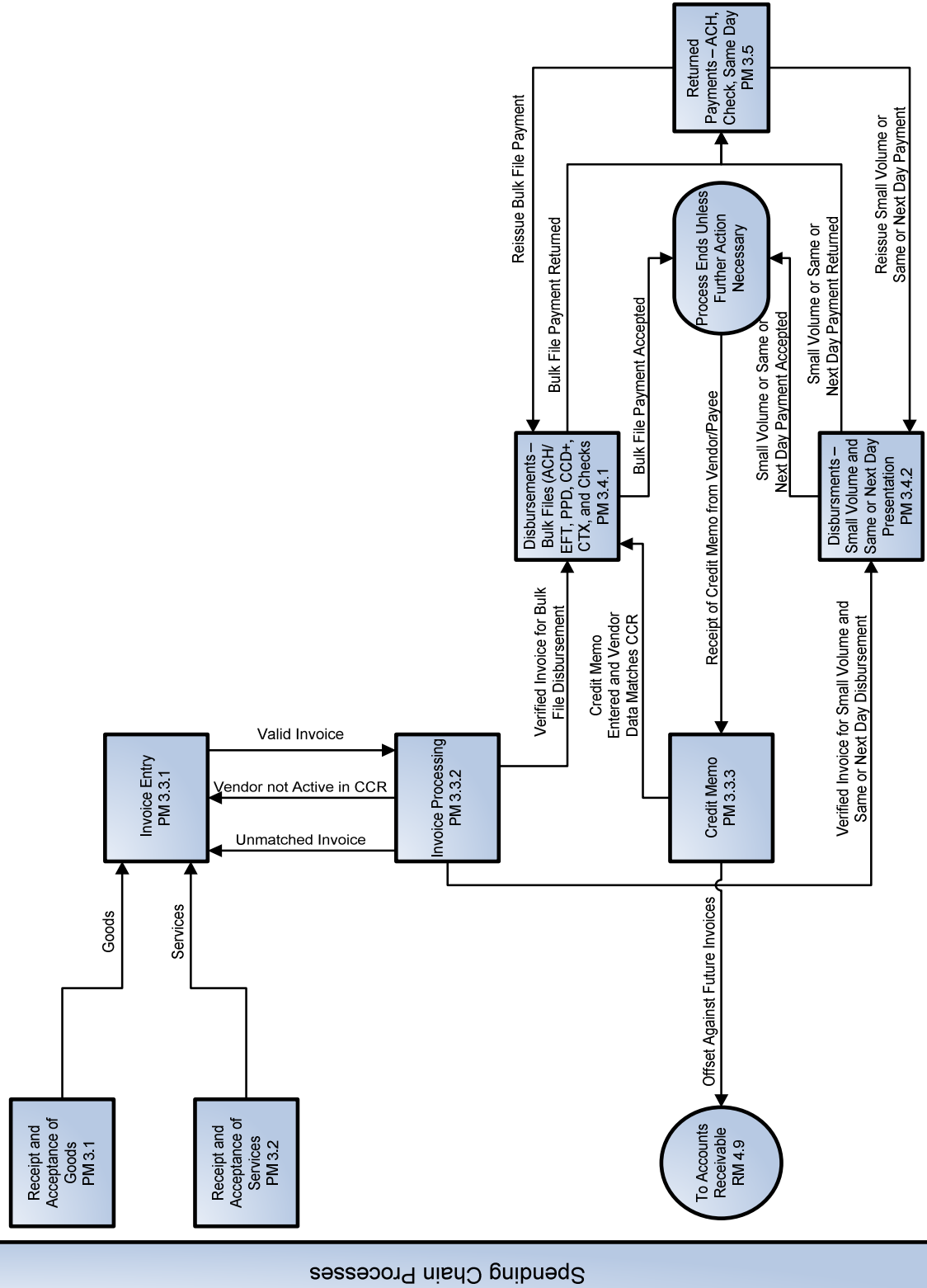
## 2.3.5 Expired Funds Validation and Verification



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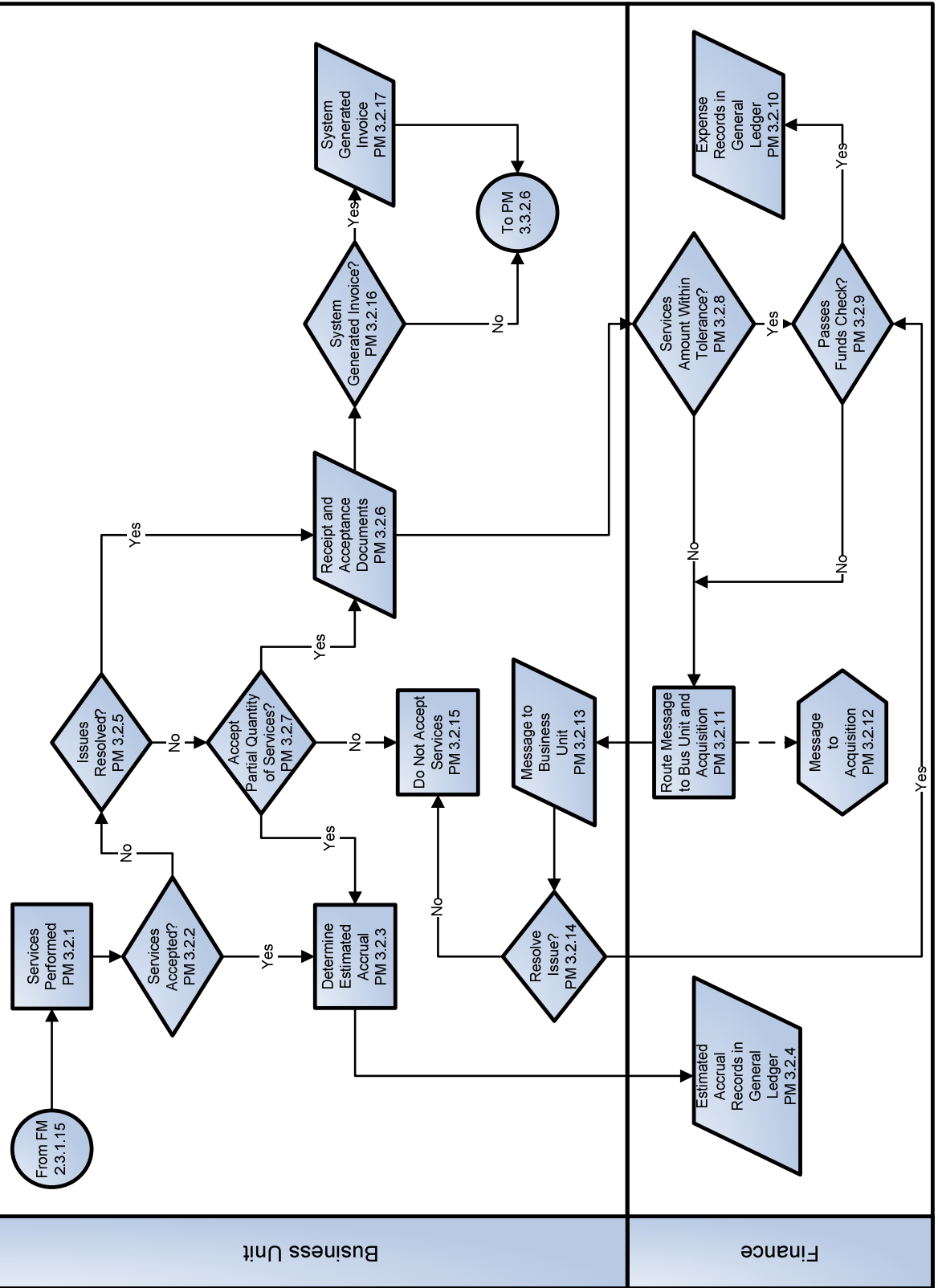
# PAYMENT MANAGEMENT PROCESS FLOWS

## Spending Chain Process Summary

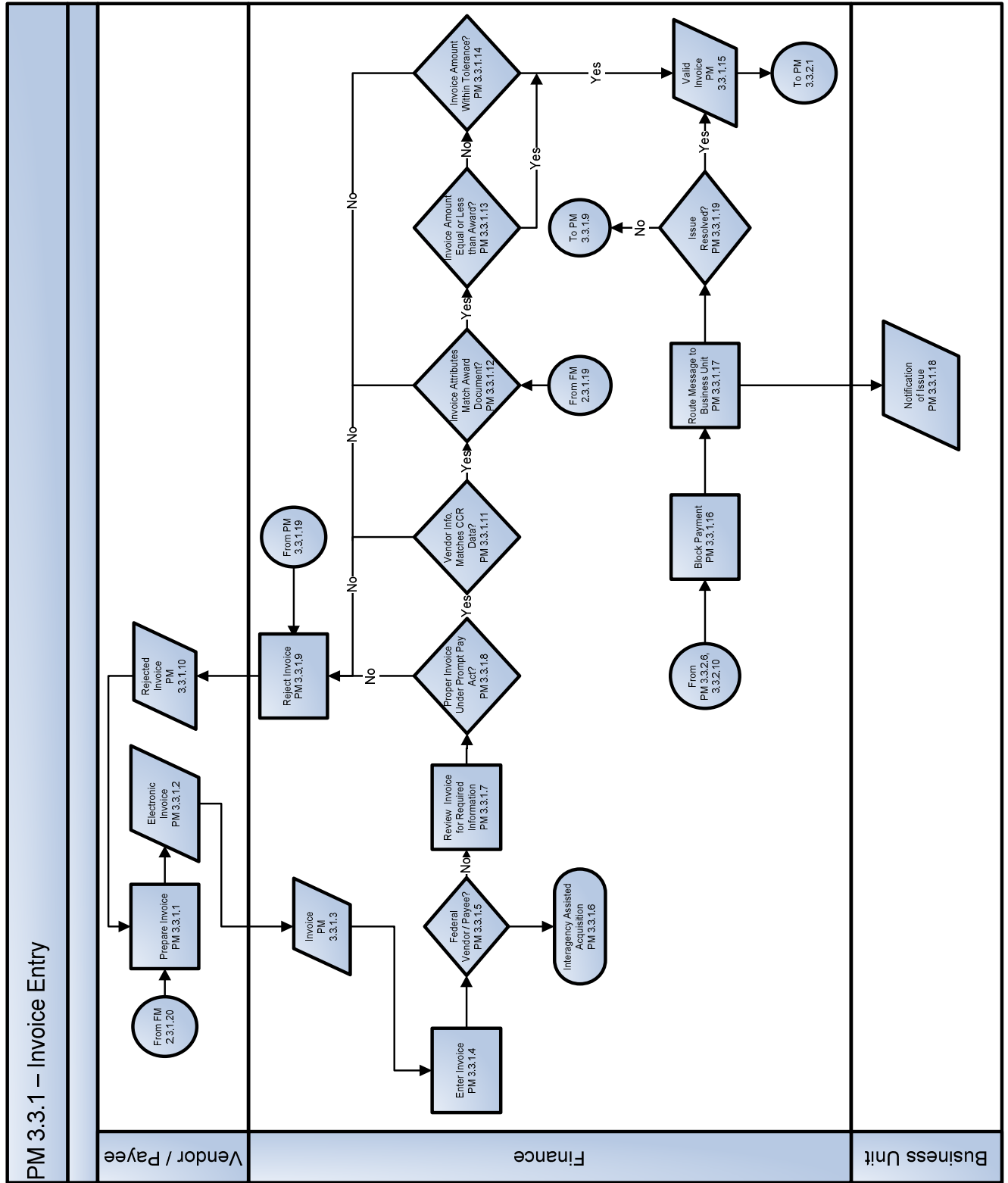


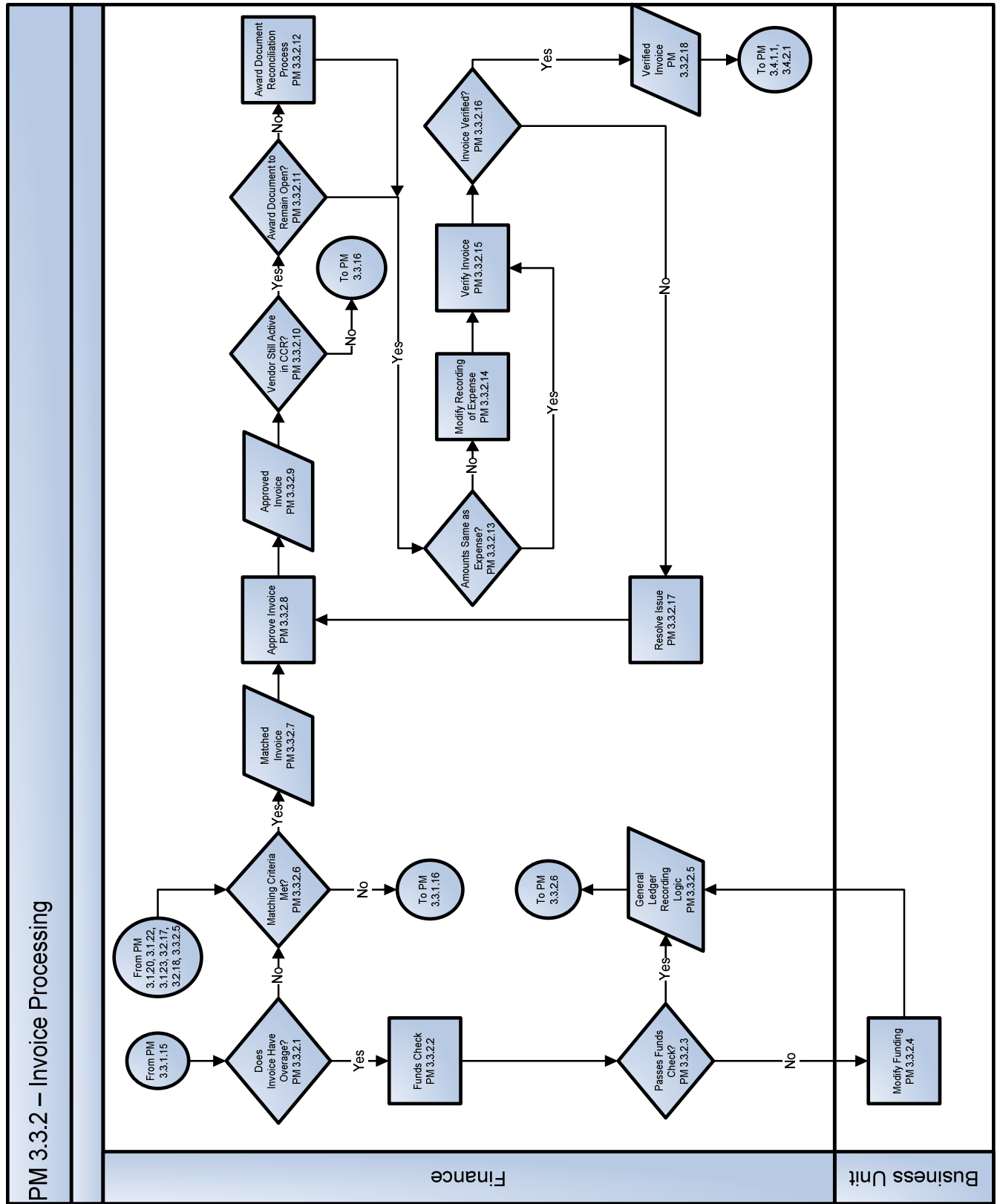


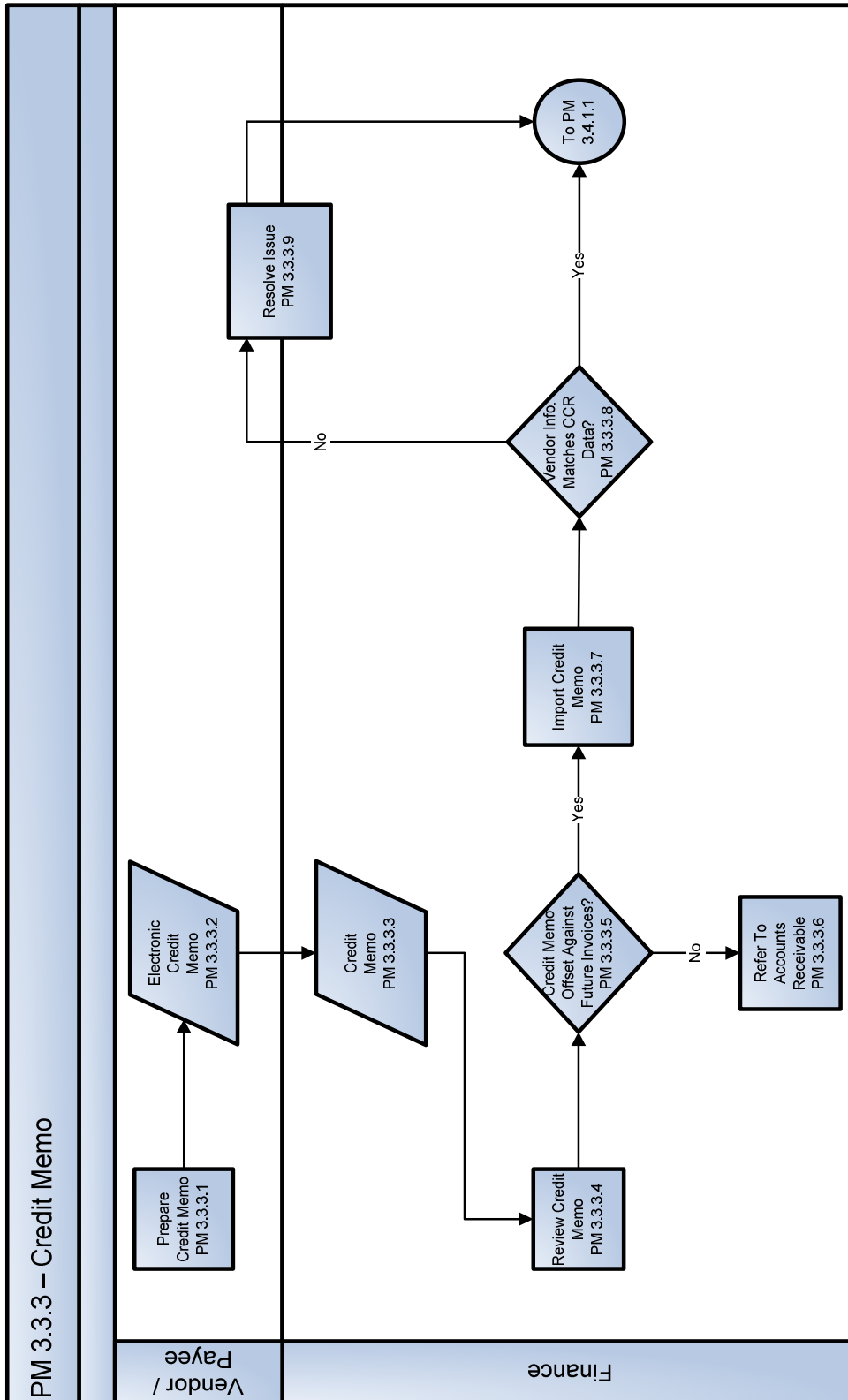
## PM 3.2 – Receipt and Acceptance of Services

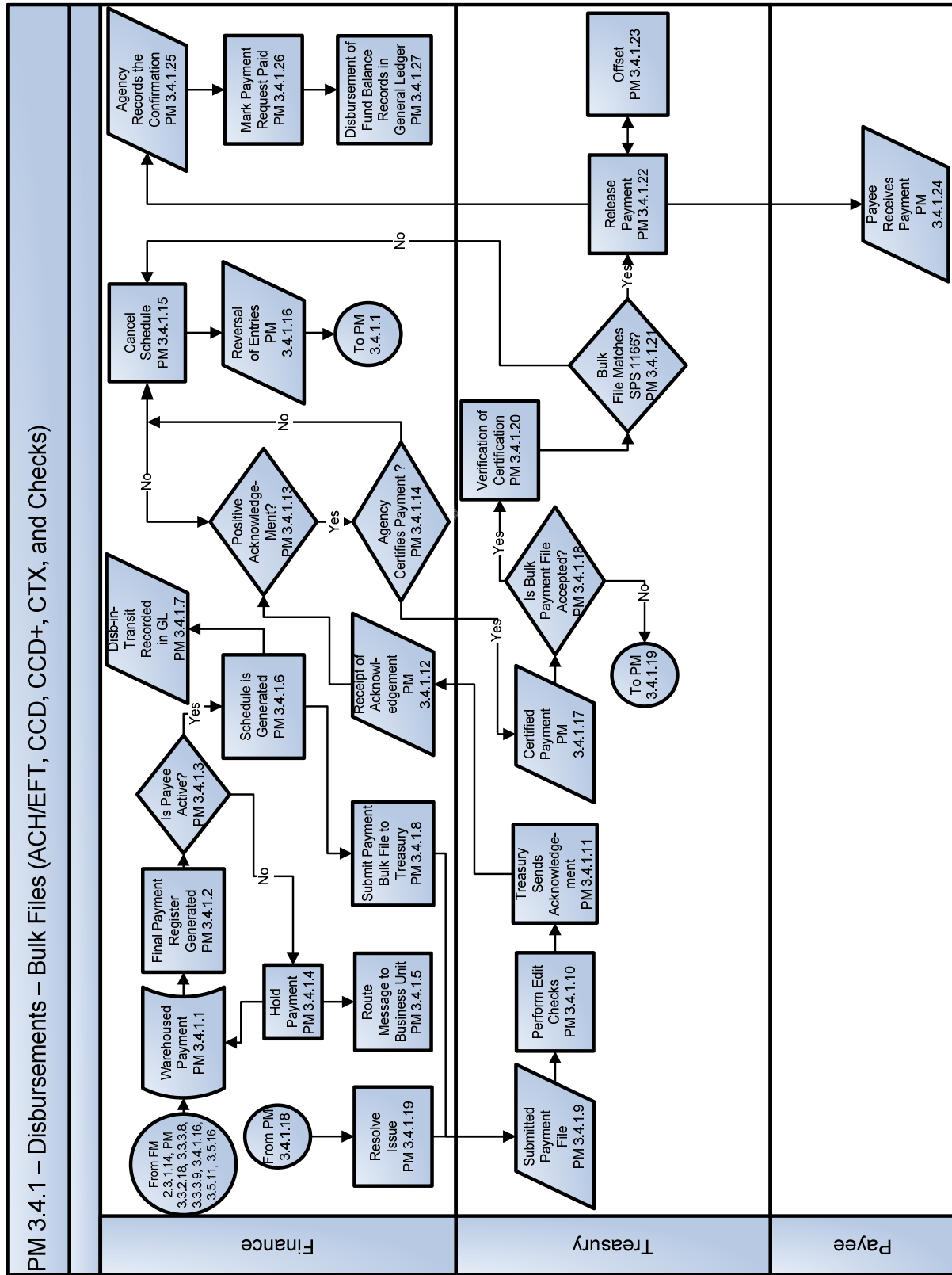


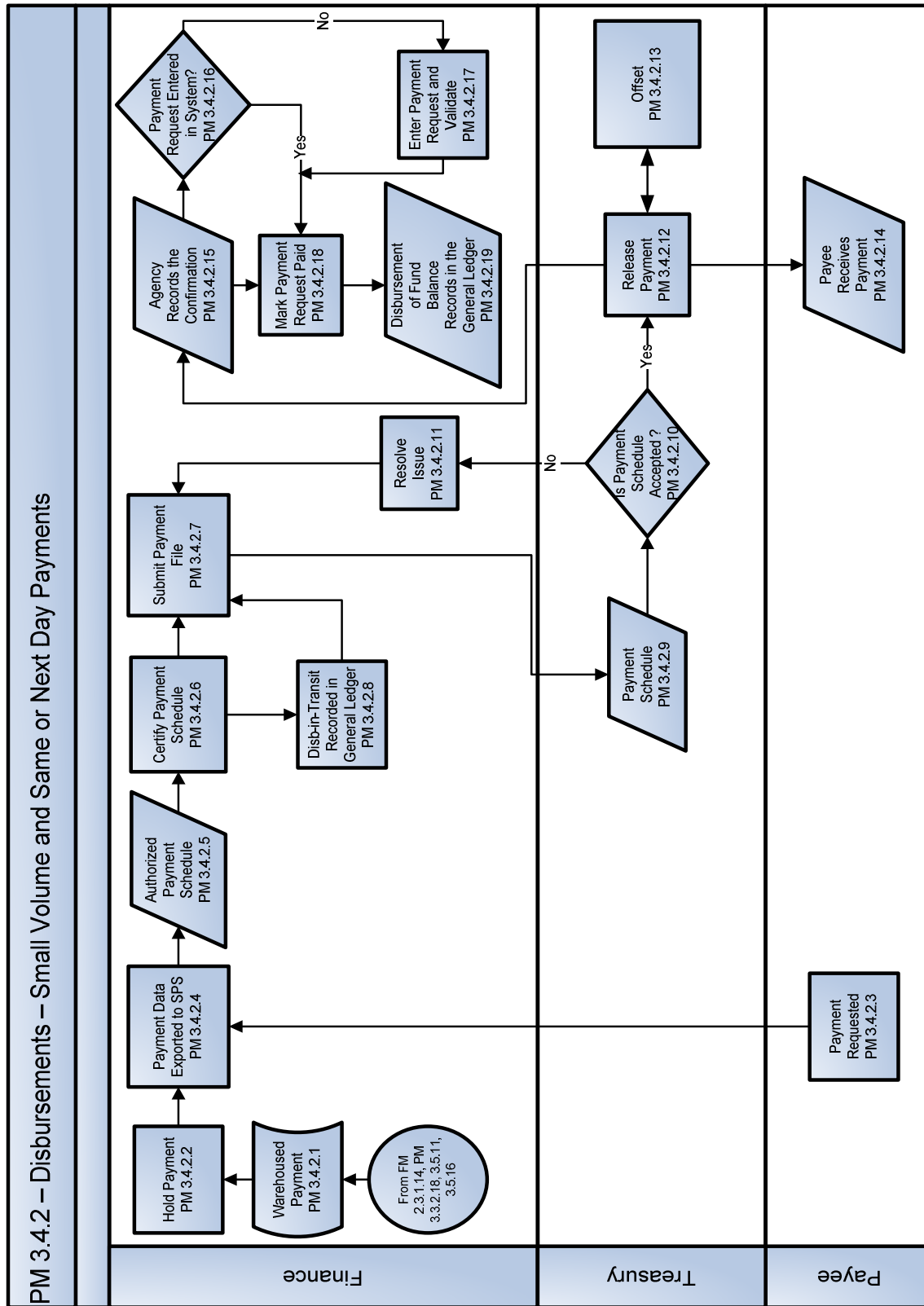


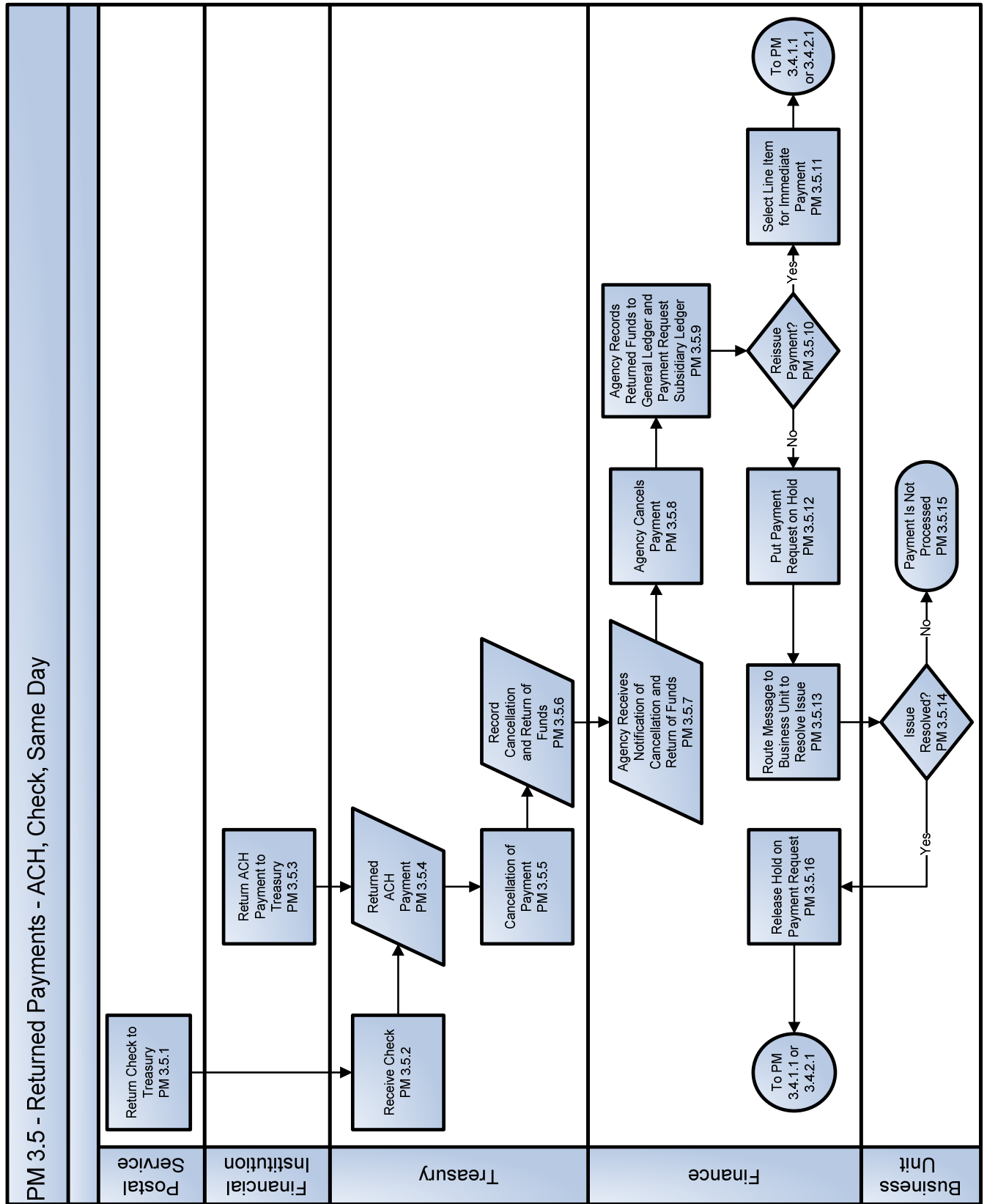






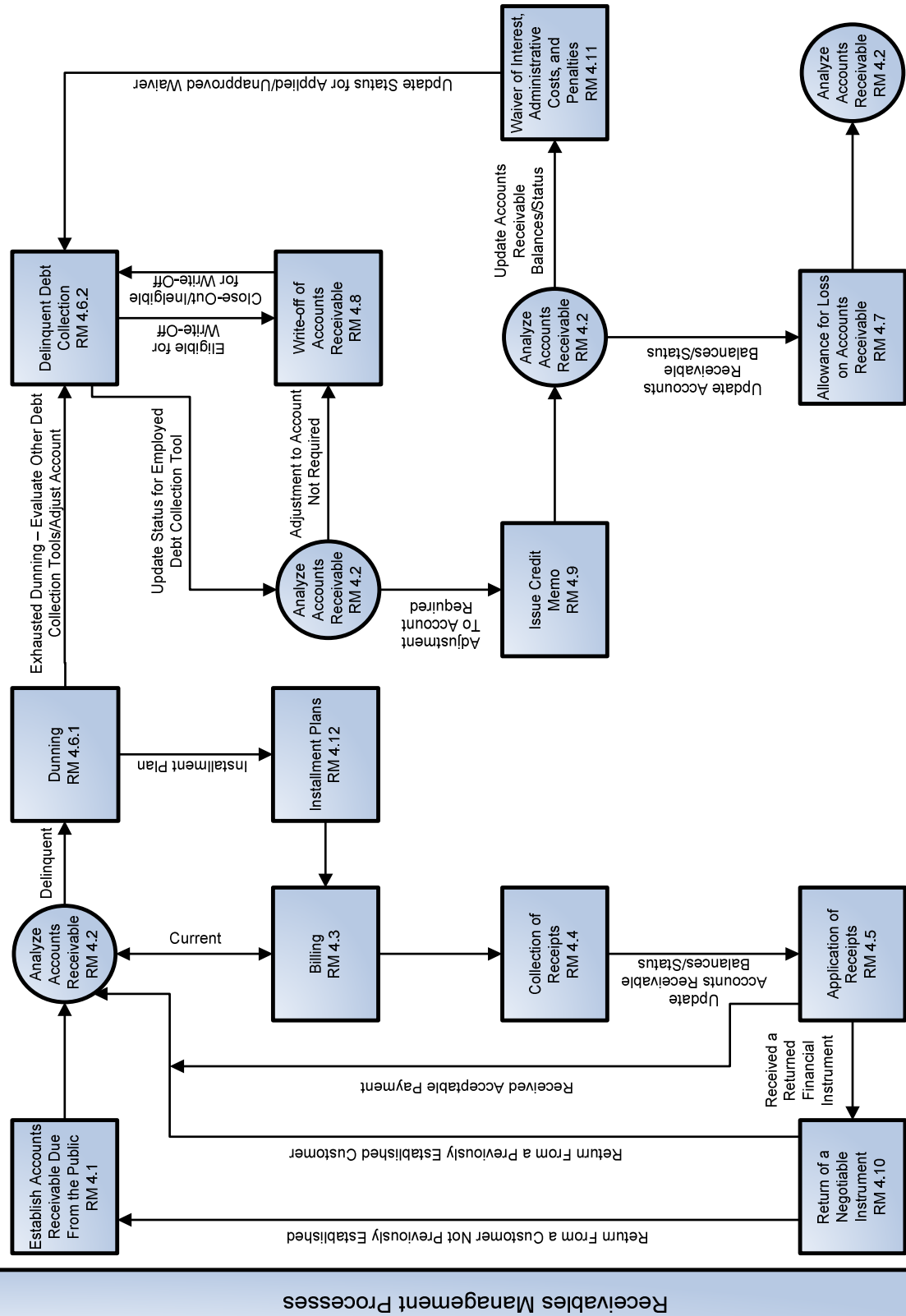




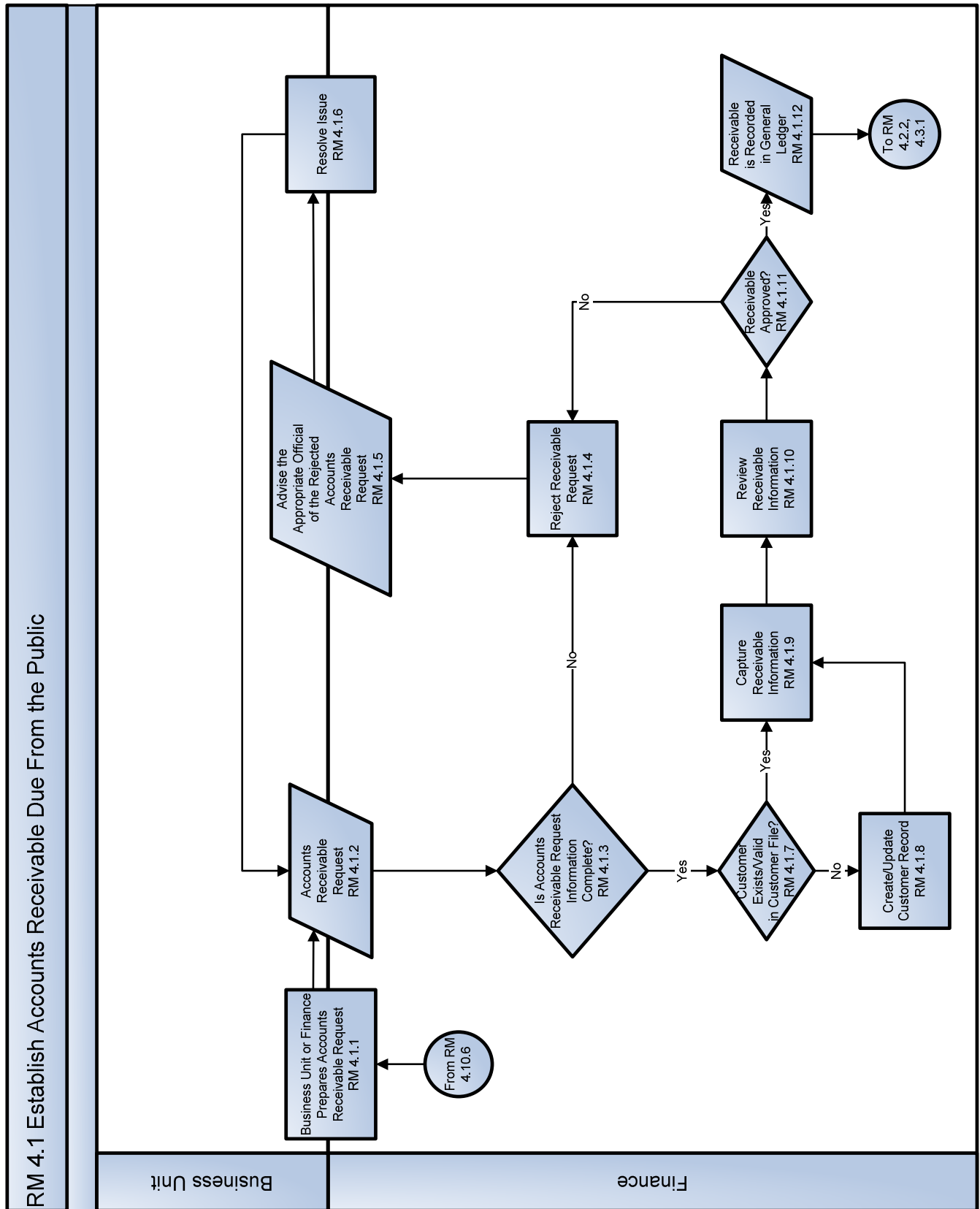


# RECEIVABLES MANAGEMENT PROCESS FLOWS

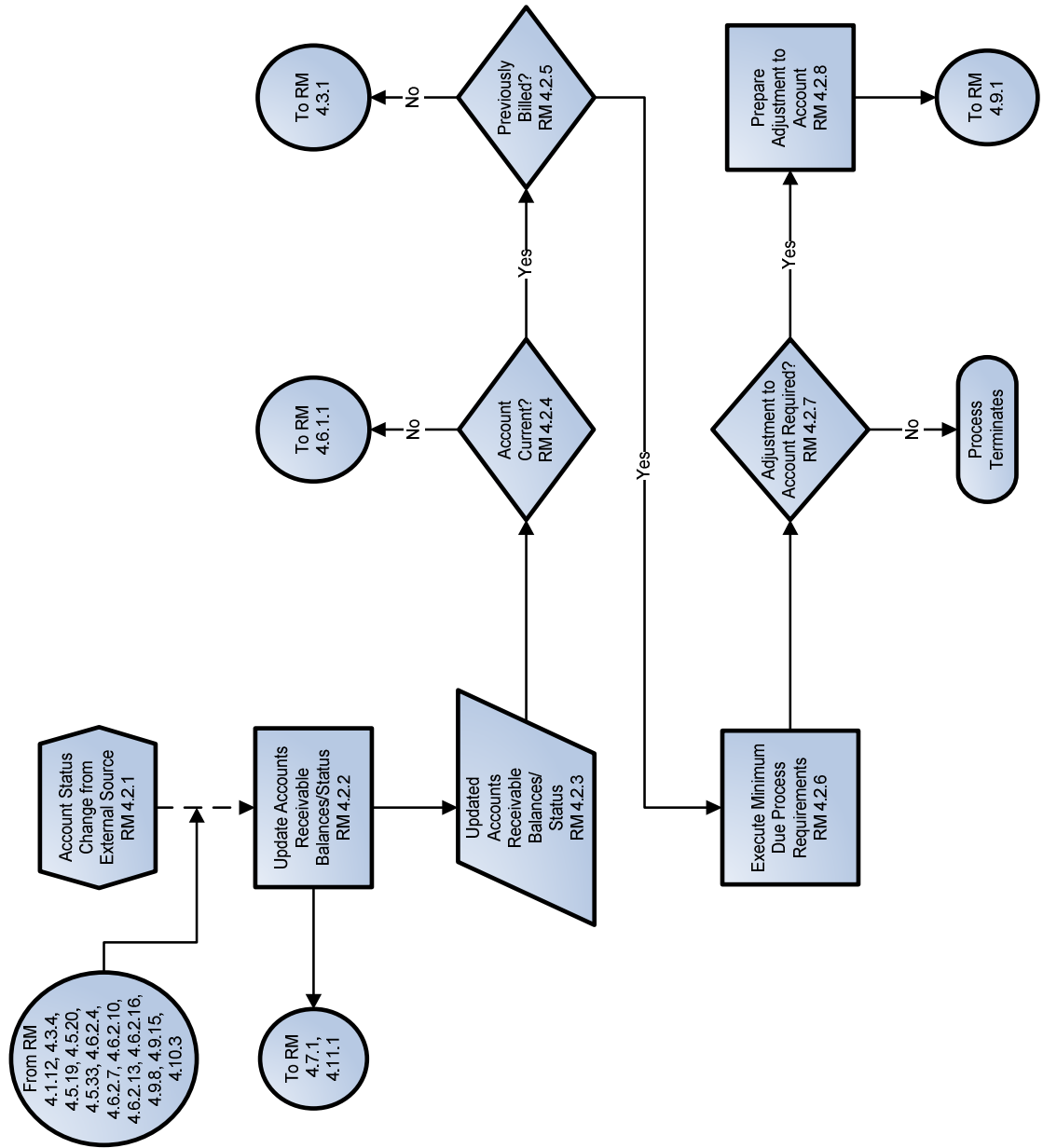
## Summary of Receivables Management



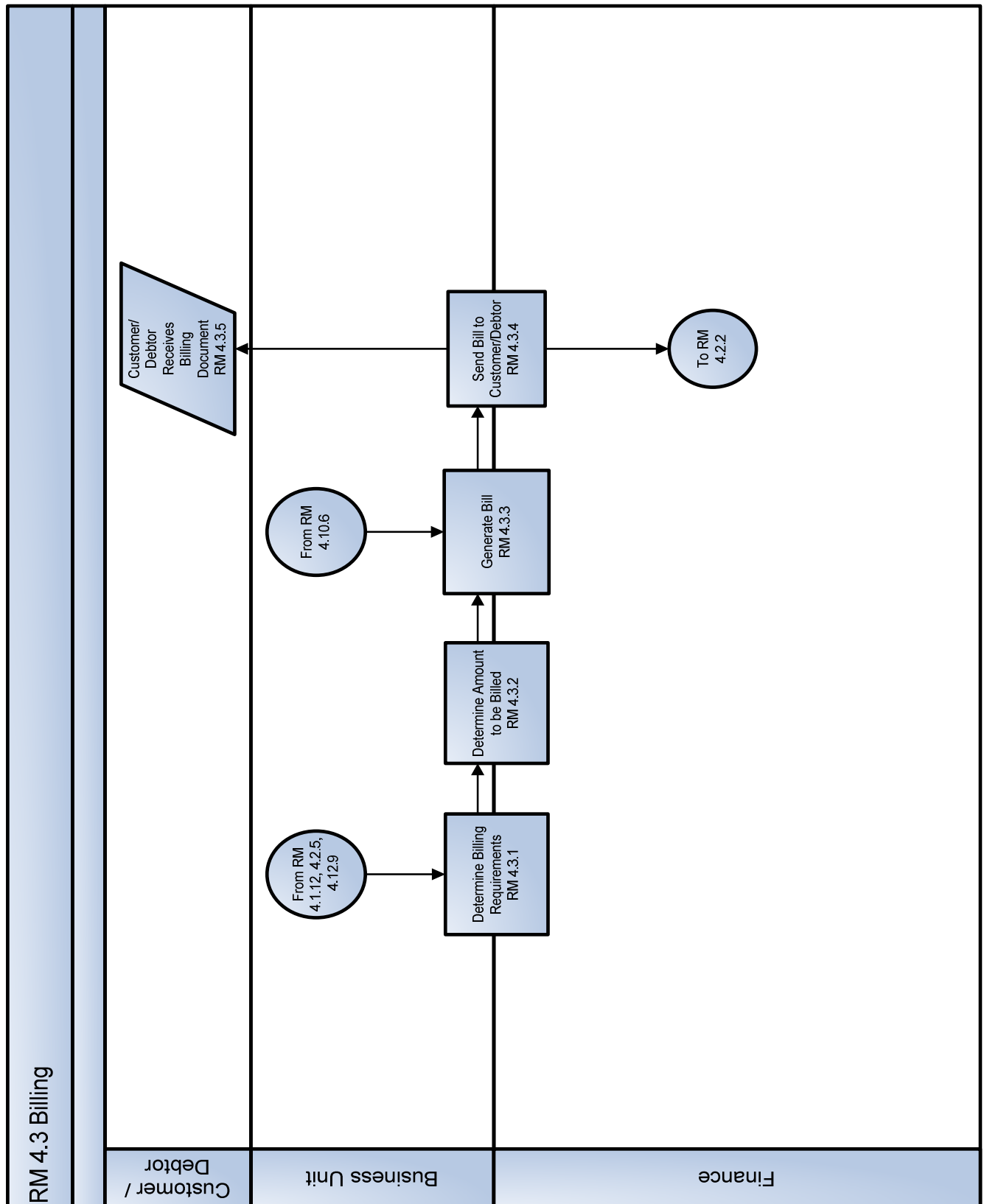


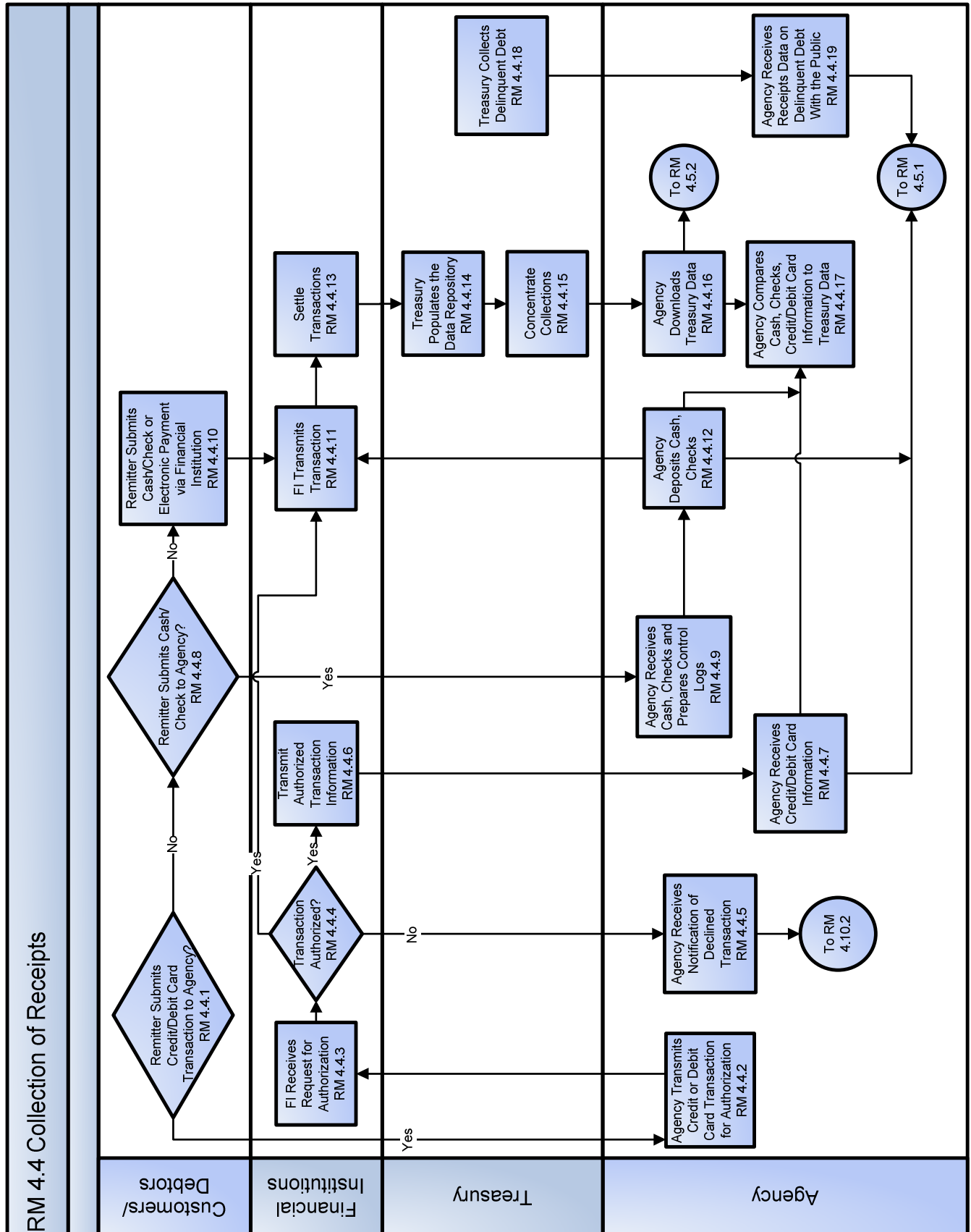


## RM 4.2 Analyze Accounts Receivables

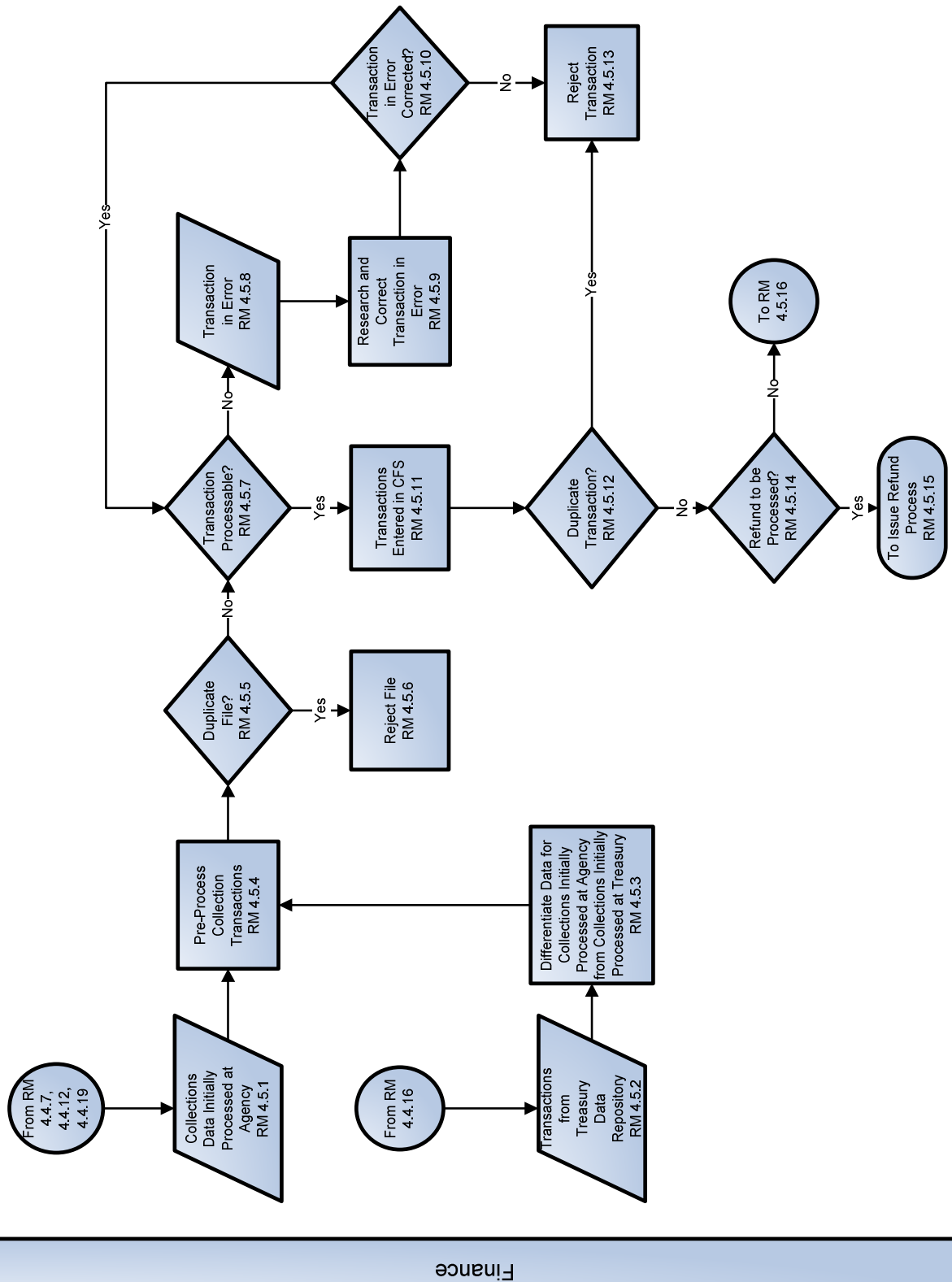


Finance



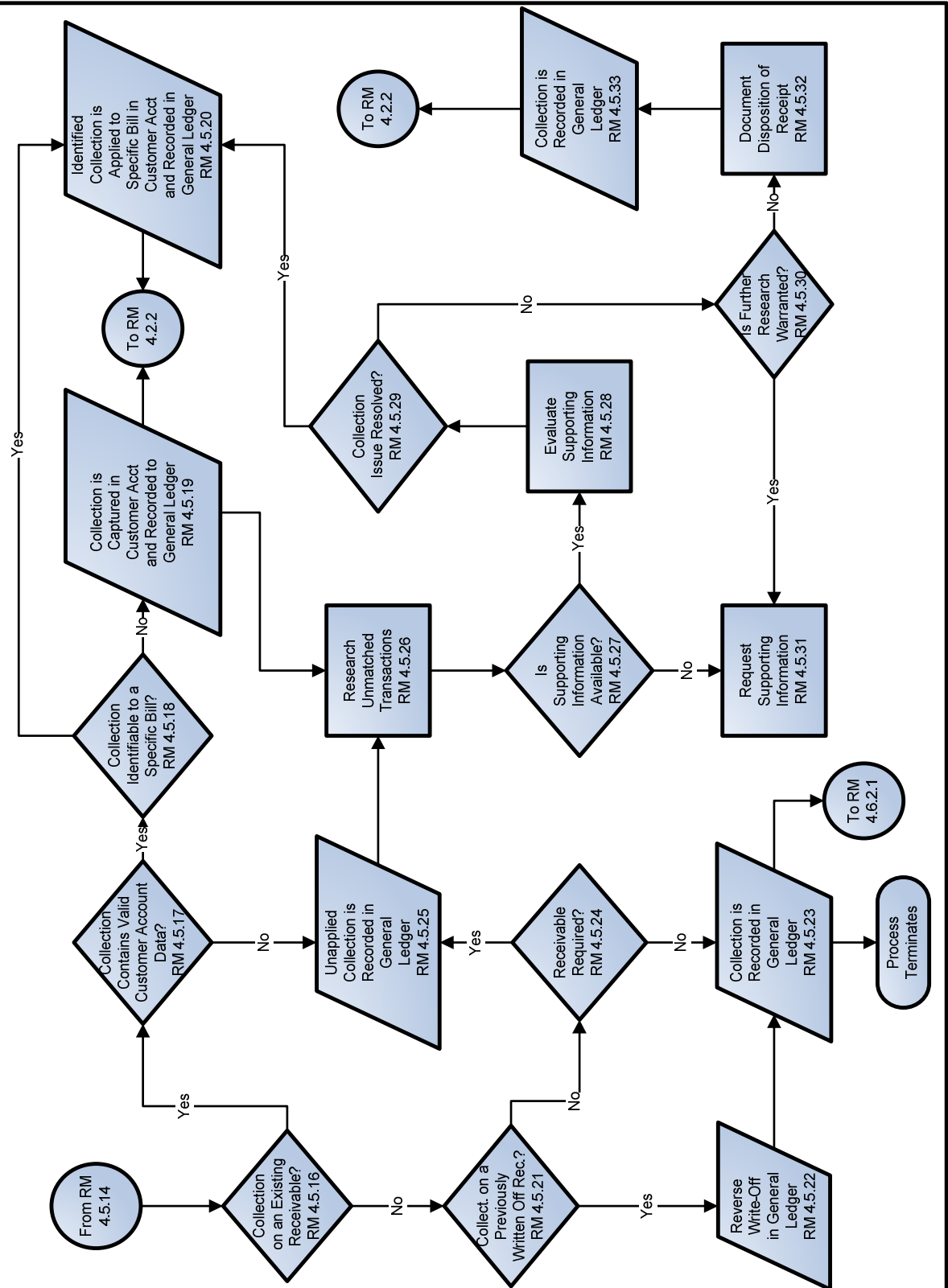


## RM 4.5 Application of Receipts

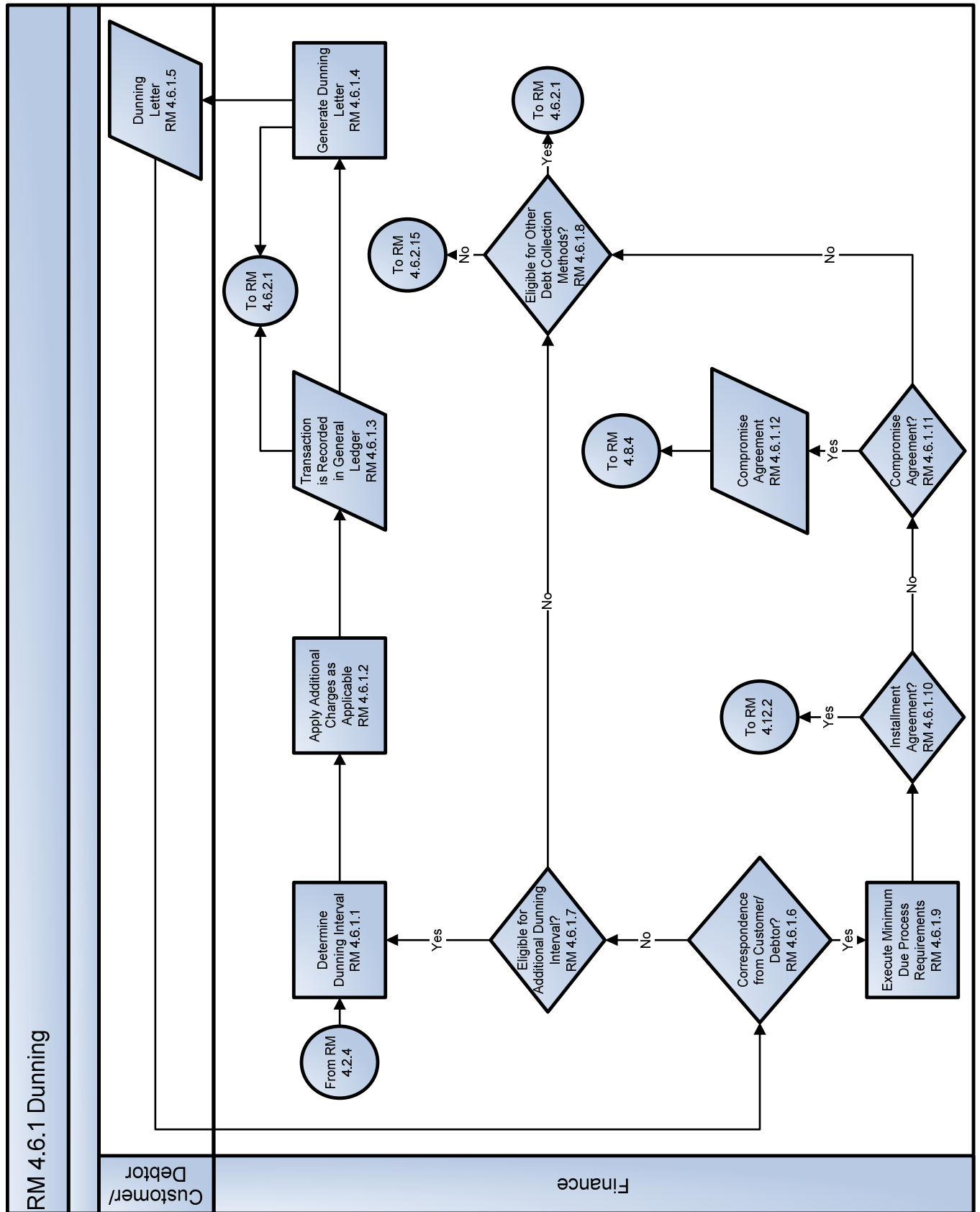


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# RM 4.5 Application of Receipts Continued

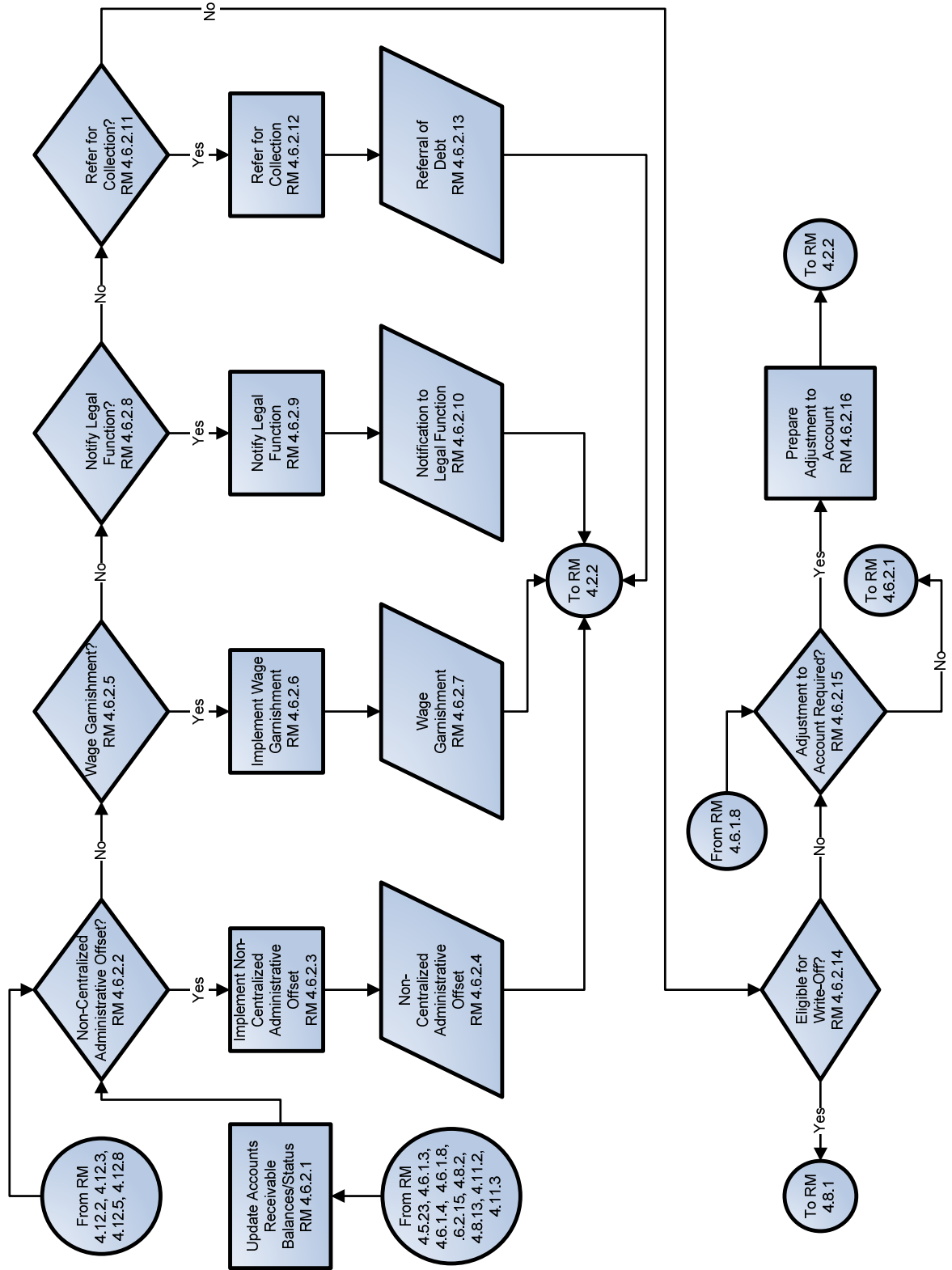


Finance

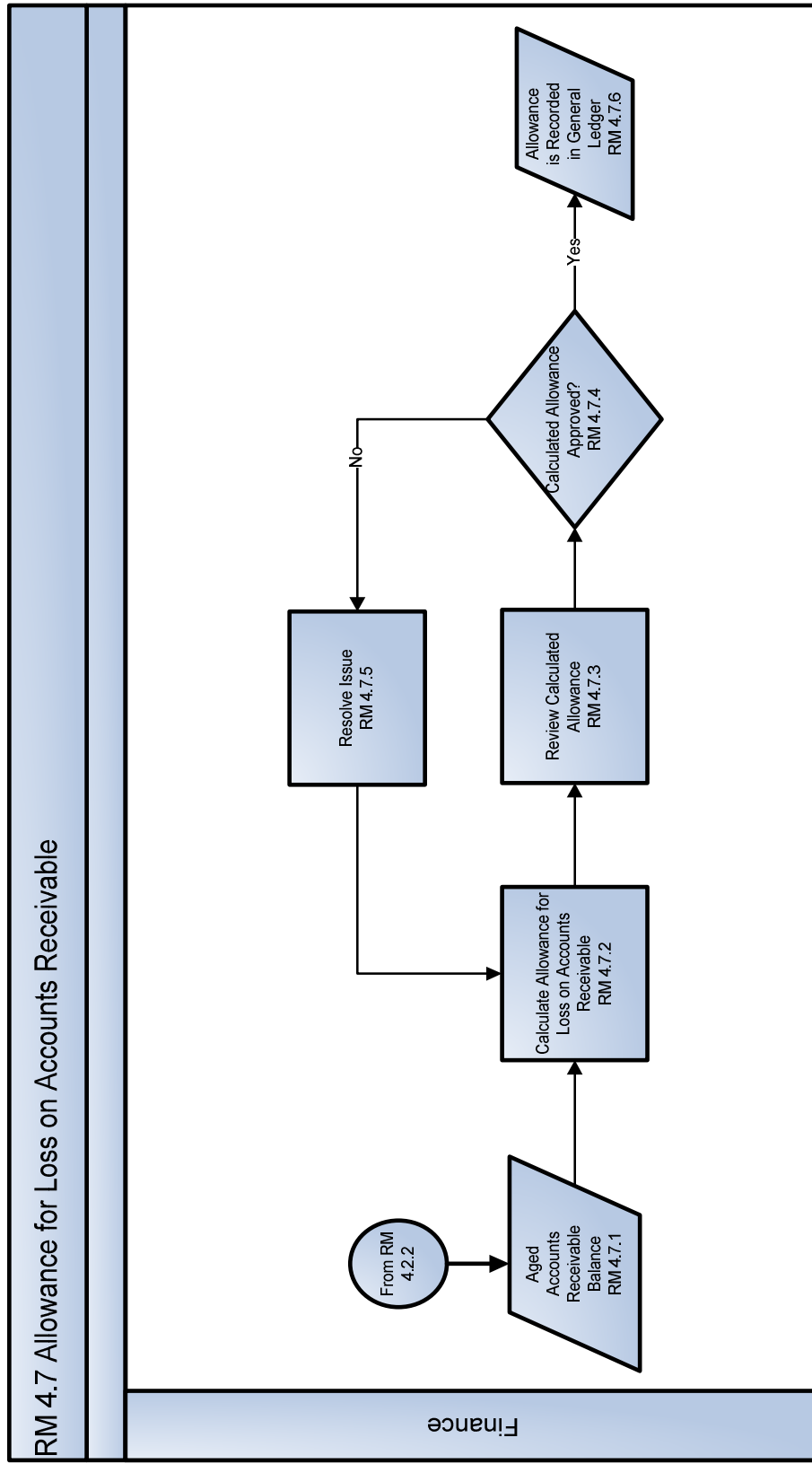


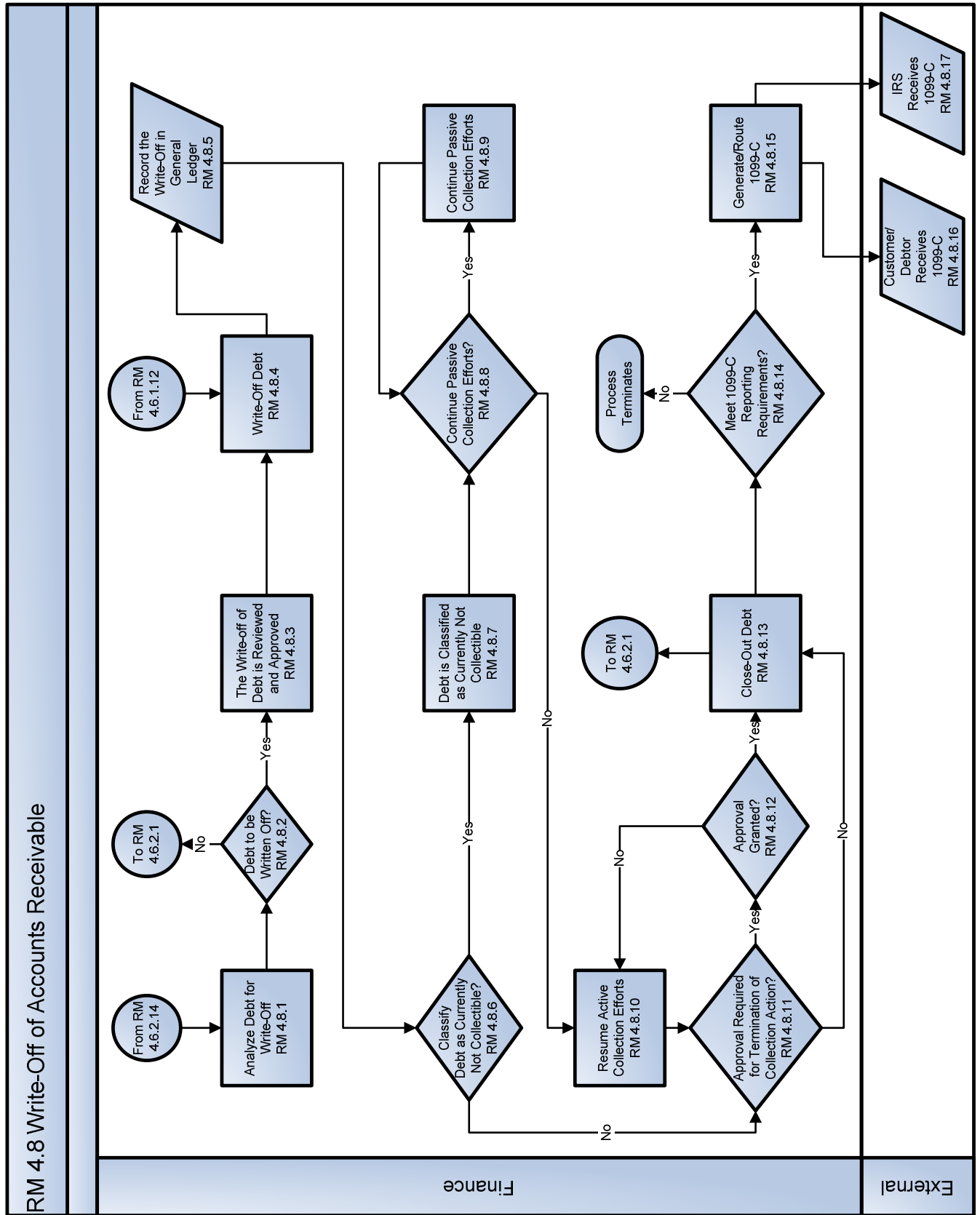
## RM 4.6.2 Delinquent Debt Collection

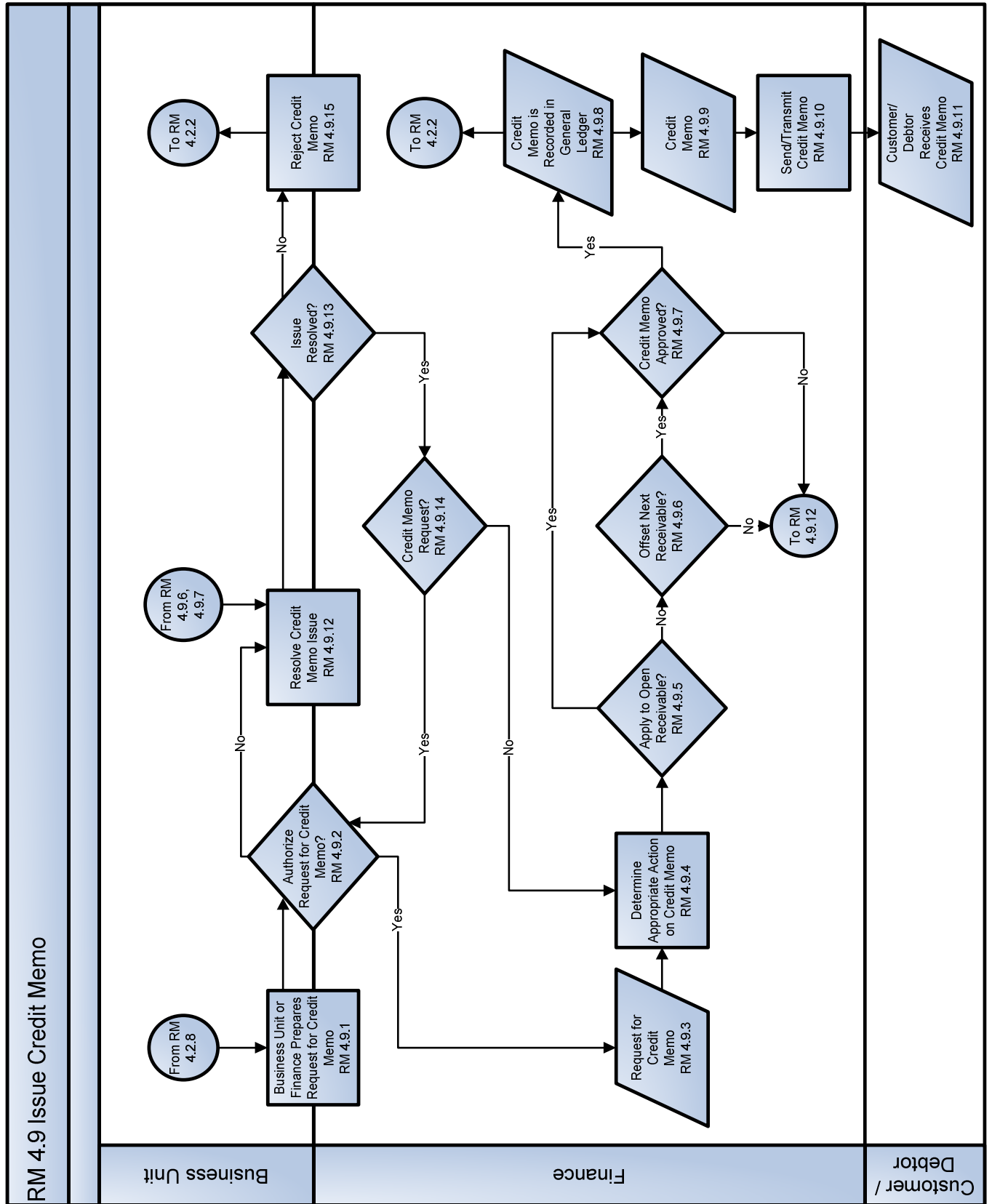
## Finance

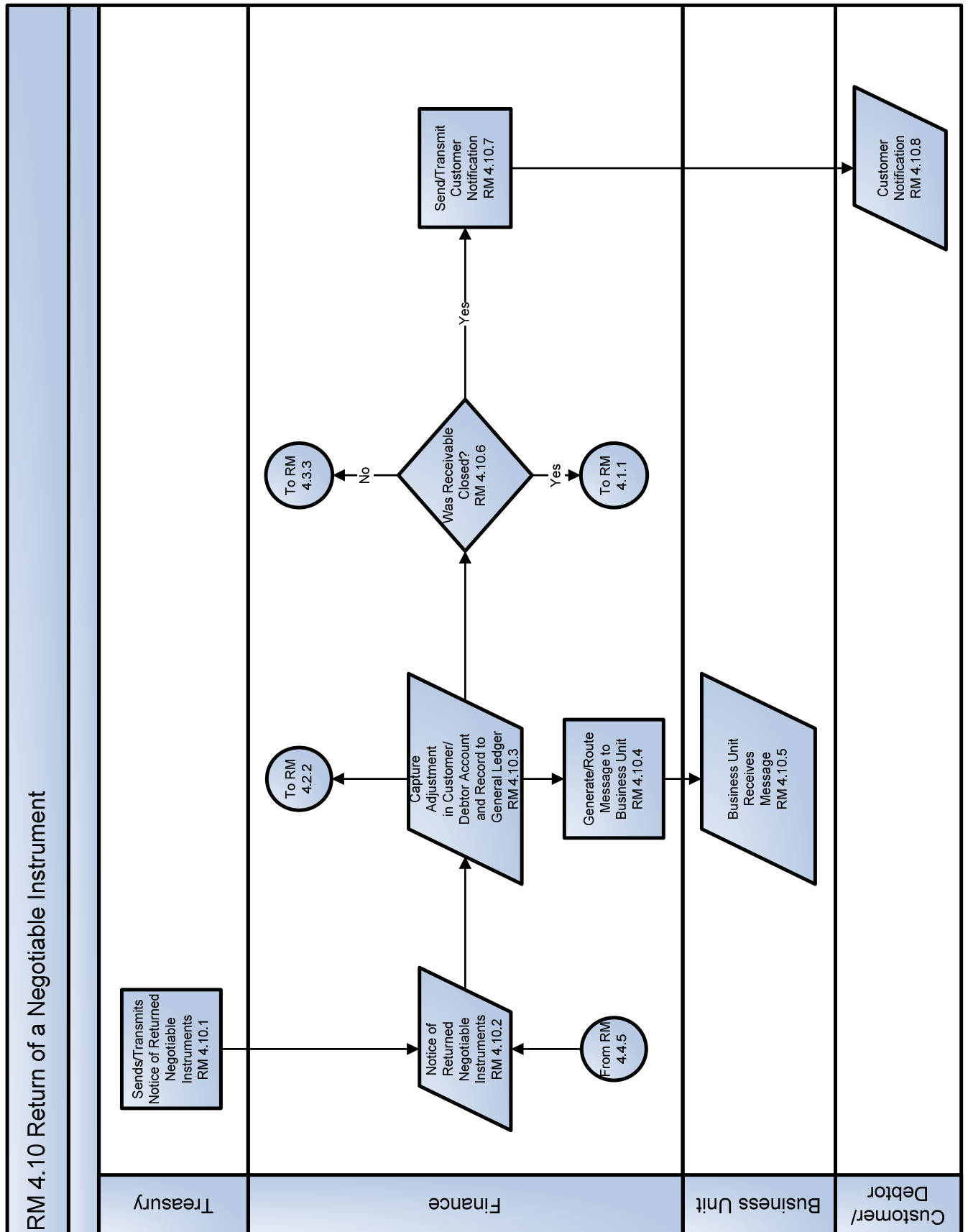


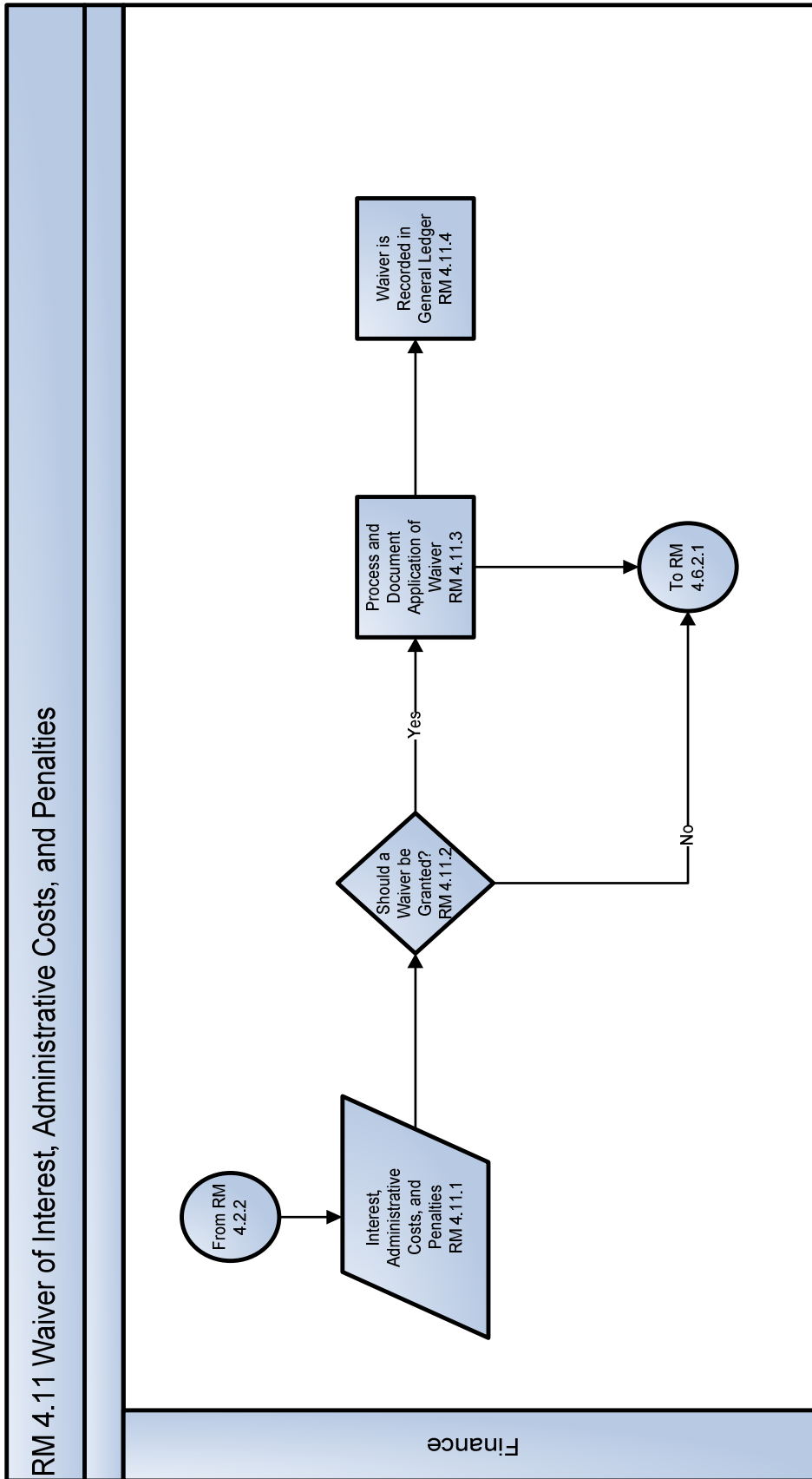


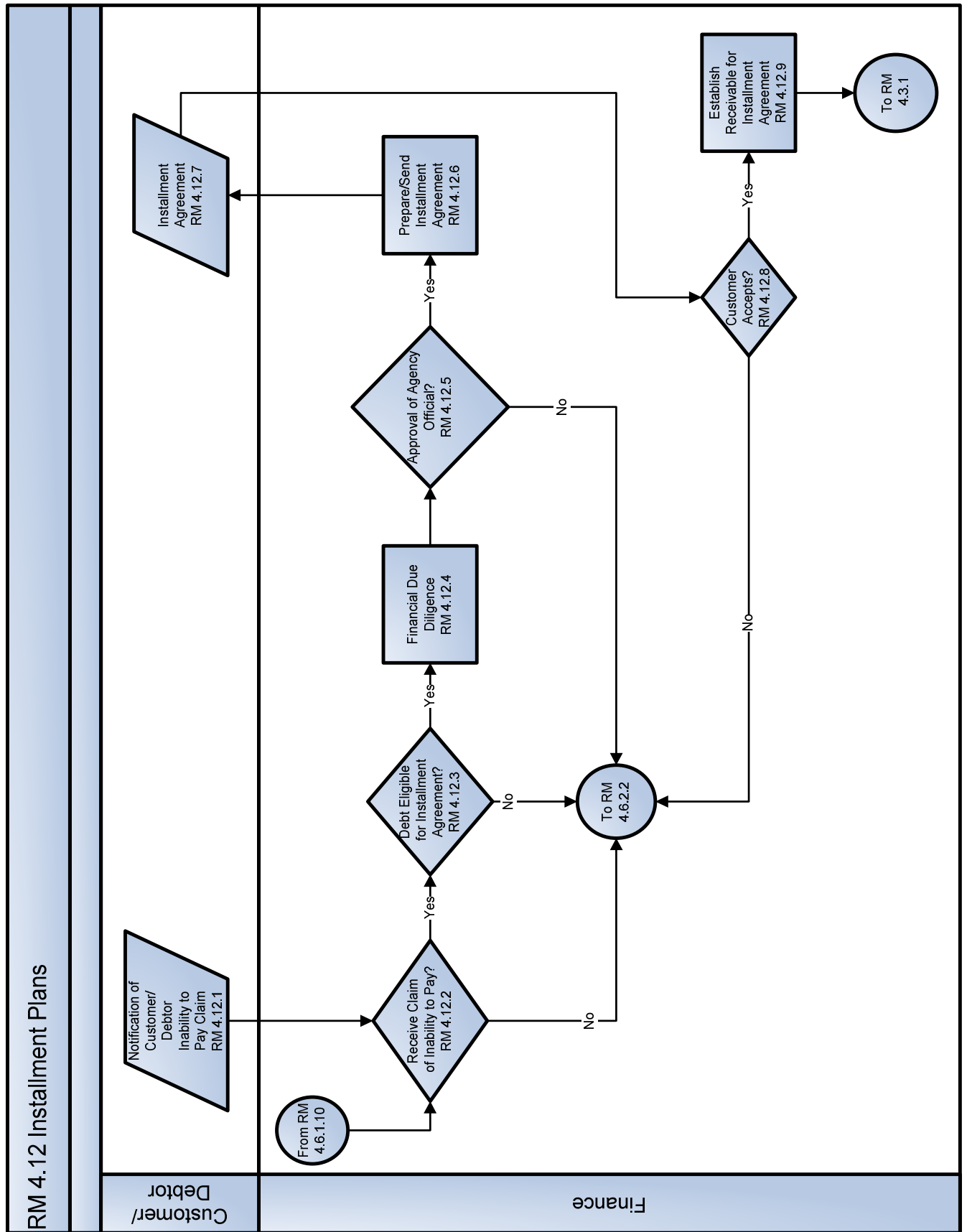












## Appendix D – Core Financial System Requirements

### FUNDS MANAGEMENT CORE FINANCIAL SYSTEM REQUIREMENTS

Requirement Number	Title	FM 2.1.1 Budgetary Resources	FM 2.1.2 Record Application of Budgetary Resources (Apportionment)	FM 2.2.1.1 Allotment for (Direct) Non-Reimbursable Funding	FM 2.2.1.2 Allotment for Anticipated Reimbursable Funding	FM 2.2.1.3 Allotment for Anticipated Non-Reimbursable Resources	FM 2.2.2 Sub-Allotment	FM 2.2.3 Lower Level Distribution	FM 2.3.1 Establishing Commitments and Obligations for Goods and Services	FM 2.3.2 Establishing Obligations Not Requiring Commitment	FM 2.3.3 Funds Check Prior to Obligation	FM 2.3.4 Unexpired Funds Validation and Verification	FM 2.3.5 Expired Funds Validation and Verification
FMC-01	Budget execution documents	x	x										
FMC-03	Budget authority types	x											
FMC-04	Internal funds control document		x										
FMC-07	Continuing resolutions	x	x										
FMC-08	CR effective dating	x	x										
FMC-09	CR amendments	x	x										
FMC-10	Revolving funds					x							
FMC-11	Reimbursable authority					x							
FMC-12	Advance funding credit					x							
FMC-13	SF 132 apportionment data		x										
FMD-01	Limitation			x		x	x	x	x				
FMD-03	Fund distribution levels							x	x				
FMD-05	Fund distribution modification					x	x	x	x		x	x	x
FME-01	Monitor use of funds									x	x	x	
FME-02	Spending documents									x	x	x	x
FME-03	Spending transactions									x		x	x
FME-04	Prior year funds											x	x
FME-08	Open spending document detail									x	x		x
FME-10	Use of unexpired, expired or cancelled funds												x
FME-12	Fund control updates									x	x	x	x
FME-19	Suggested vendor									x			
FME-21	Obligating document data									x	x		
FME-24	No related commitment										x		
FME-29	Advance Payments										x		
GLB-01	Standard transactions	x	x	x	x	x	x	x	x	x	x		x

Requirement Number	Title	FM 2.1.1 Budgetary Resources	FM 2.1.2 Record Application of Budgetary Resources (Apportionment)	FM 2.2.1.1 Allotment for (Direct) Non-Reimbursable Funding	FM 2.2.1.2 Allotment for Anticipated Reimbursable Funding	FM 2.2.1.3 Allotment for Anticipated Non-Reimbursable Resources	FM 2.2.2 Sub-Allotment	FM 2.2.3 Lower Level Distribution	FM 2.3.1 Establishing Commitments and Obligations for Goods and Services	FM 2.3.2 Establishing Obligations Not Requiring Commitment	FM 2.3.3 Funds Check Prior to Obligation	FM 2.3.4 Unexpired Funds Validation and Verification	FM 2.3.5 Expired Funds Validation and Verification
GLC-01	Updating GL balances	x								x	x		x
GLC-02	Classifying transactions by attribute	x	x										
GLC-03	Validate attributes	x	x										
GLC-04	Balanced GL postings by ACS												x
GLC-05	Balanced GL postings by account type	x	x	x	x	x	x	x	x	x	x		x
GLC-06	GL control accounts balanced with subsidiary ledgers									x	x		x
GLC-07	De-activated accounts	x	x	x	x	x	x	x	x				
GLD-01	Record spending adjustments												x
GLD-02	Spending adjustment reversals												x
GLD-03	Adjustments to expired vs. unexpired												x
GLD-04	Anticipated recoveries												x
GLD-05	Adjustments to paid vs. unpaid												x
GLD-06	Adjustments to delivered vs. undelivered orders												x
GLD-07	Previously unrecorded obligations												x
PMA-01	Vendor information									x	x		
PMA-02	Third-party vendor information									x	x		
PMA-04	CCR updates to vendor data									x	x		
PMA-05	CCR company name change exception report									x	x		
PMA-06	Agency updates to CCR vendor data									x	x		
PMA-07	DUNS number to TIN association									x	x		
PMA-08	DUNS+4 to DUNS number association									x	x		
PMA-09	Banking information to DUNS+4 number association									x	x		
PMA-10	Validate vendor TINs									x	x		
PMA-15	Vendor deactivation edit									x			
PMA-16	Debarred vendors									x	x		
PMA-17	Expired CCR registrations									x	x		
SMA-01	Accounting classification									x	x		
SMA-03	Classify transactions		x	x	x	x	x	x	x				
SMA-05	Accounting classification tables					x	x	x	x				
SMA-06	Accounting classification effective date					x	x	x	x				



Requirement Number	Title	FM 2.1.1 Budgetary Resources	FM 2.1.2 Record Application of Budgetary Resources (Apportionment)	FM 2.2.1.1 Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding	FM 2.2.1.2 Allotment for Anticipated Reimbursable Funding	FM 2.2.1.3 Allotment for Anticipated Non-Reimbursable Resources	FM 2.2.2 Sub-Allotment	FM 2.2.3 Lower Level Distribution	FM 2.3.1 Establishing Commitments and Obligations for Goods and Services	FM 2.3.2 Establishing Obligations Not Requiring Commitment	FM 2.3.3 Funds Check Prior to Obligation	FM 2.3.4 Unexpired Funds Validation and Verification	FM 2.3.5 Expired Funds Validation and Verification
SMB-01	Document number	x							x	x			
SMB-03	Referenced documents								x			x	
SMB-10	Funds control and tolerance levels											x	
SMB-11	Reject documents		x	x	x	x	x	x	x	x			x
SMB-12	Failed edit notification		x	x	x	x	x	x	x	x			x
SMB-13	Suspended documents		x	x	x	x	x	x	x	x			x
SMB-16	Failed edit corrections			x	x	x	x	x			x	x	x
SMB-18	Delete unposted documents											x	x
SMB-19	Over tolerances											x	
SMB-20	Over Tolerances by obligation type											x	
SMB-21	Accounting line item detail												x
SMB-22	Define acquisition information										x		
SMB-24	Document line item detail on obligation documents								x	x			
SMB-25	Line items to document total			x	x	x	x	x					
SMB-30	Validate ACE			x	x	x	x	x					
SMC-01	Associate documents in the processing chain									x	x		
SMC-02	Update referenced document balances									x		x	x
SMC-08	Reference multiple prior documents											x	
SMC-09	Document status			x	x	x	x	x	x	x		x	x
TLE-01	Integrated workflow	x	x	x	x	x	x	x	x				x
TLE-02	Workflow process definition	x	x	x	x	x	x	x	x		x		
TLE-03	Document processing approval	x	x	x	x	x	x	x	x	x			
TLE-04	Document approvals	x	x	x	x	x	x	x	x				
TLE-06	Document approval tracking	x	x	x	x	x	x	x	x				
TLE-07	Document routing	x	x	x	x	x	x	x	x	x		x	x
TLE-08	User alerts	x	x	x	x	x	x	x	x			x	x
TLE-09	User notices												x
TLF-01	Indexed Referenced Materials									x			
TLH-03	Access Control									x			

	FM 2.3.5 Expired Funds Validation and Verification
	FM 2.3.4 Unexpired Funds Validation and Verification
	FM 2.3.3 Funds Check Prior to Obligation
	FM 2.3.2 Establishing Obligations Not Requiring Commitment
	FM 2.3.1 Establishing Commitments and Obligations for Goods and Services
	FM 2.2.3 Lower Level Distribution
	FM 2.2.2 Sub-Allotment
	FM 2.2.1.3 Allotment for Anticipated Non-Reimbursable Resources
	FM 2.2.1.2 Allotment for Anticipated Reimbursable Funding
	FM 2.2.1.1 Allotment for (Direct) Non-Anticipated, Non-Reimbursable Funding
	FM 2.1.2 Record Application of Budgetary Resources (Apportionment)
	FM 2.1.1 Budgetary Resources
Requirement Number	Title
<b>Legend</b>	
<b>Requirement Type ID</b>	
FMC	Budget Authority
FMD	Funds Distribution
FME	Funds Control
GLB	Transition Definition
GLC	General Ledger Updating and Editing
GLD	Upward/Downward Spending Adjustment
PMA	Payee Information Maintenance Process
SMA	Accounting Classification Process
SMB	Document and Transaction and Control Process
SMC	Document Referencing and Modification Process
TLE	Workflow/Messaging
TLF	Document Management
TLH	Security

# PAYMENT MANAGEMENT CORE FINANCIAL SYSTEM REQUIREMENTS

Requirement Number	Title	PM 3.1 Receipt and Acceptance of Goods	PM 3.2 Receipt and Acceptance of Services	PM 3.3.1 Invoice Entry	PM 3.3.2 Invoicing Processing	PM 3.3.3 Credit Memo	PM 3.4.1 Disbursements for Bulk Files (ACH/EFT, CCD, CCD+, CTX, and Checks)	PM 3.4.2 Disbursements for Small Volume and Same or Next Day Payments	PM 3.5 Returned Payments – ACH, Check, Same Day
PMA - 02	Third-Party Vendor Information				X				
PMA - 04	CCR Updates to Vendor Data				X		X		
PMB - 01	Receipt and Acceptance	X	X						
PMB - 02	Accrued Liability Upon Receipt	X							
PMB - 04	Receipt Document Data	X							
PMB - 05	Acceptance Data	X	X						
PMC - 01	Invoice Data				X				
PMC - 02	Vendor Invoice Number				X				
PMC - 03	Invoice Line Items				X				
PMC - 04	Duplicate Vendor Invoice Edit Criteria				X				
PMC - 05	Validate for Duplicate Vendor Invoices				X				
PMC - 06	Validate Invoices from CCR Vendors				X			X	
PMC - 07	Validate Payments to CCR Vendors					X			
PMC - 08	Matching Options				X	X			
PMC - 09	Invoices for Partial Amount of Quantities Received and Accepted					X			
PMC - 10	Validate Invoice Period of Performance					X			
PMC - 11	Validate Invoice Delivery/Performance Dates					X			
PMC - 13	Adjust Payment Amounts				X				
PMC - 16	Warehouse Invoices							X	
PMC - 19	Define Reason Codes for Improper Invoices				X				
PMC - 21	Capture Reason Codes for Improper Invoices				X				
PMC - 22	Notify Vendor of Return of Improper Invoice Notice				X				

Requirement Number	Title	PM 3.1 Receipt and Acceptance of Goods	PM 3.2 Receipt and Acceptance of Services	PM 3.3.1 Invoice Entry	PM 3.3.2 Invoicing Processing	PM 3.3.3 Credit Memo	PM 3.4.1 Disbursements for Bulk Files (ACH/EFT, CCD, CCD+, CTX, and Checks)	PM 3.4.2 Disbursements for Small Volume and Same or Next Day Payments	PM 3.5 Returned Payments – ACH, Check, Same Day
PMD - 01	Prompt Payment						X		X
PMD - 02	Invoices with Multiple Due Dates						X		
PMD - 07	Advantageous Discounts						X		
PMD - 08	Calculate Payment Amounts						X		
PMD - 10	Apply Interest Discounts						X		
PMD - 11	Record Late Payment Interest						X		
PMD - 12	Numbering Payment Schedules						X		
PMD - 13	Payment Certification						X		
PMD - 15	Disbursements-In-Transit						X	X	
PMD - 17	Manual Payments						X		
PMD - 20	Payment Files						X		
PMD - 21	ACH Payment Formulas						X		
PMD - 22	NACHA Payment Formats						X		
PMD - 23	Treasury Edits on EFT Files						X		
PMD - 24	Treasury Edits on Banking Information						X		
PMD - 25	ACH Employee Payments						X		
PMD - 26	ACH Vendor Payments						X		
PMD - 27	CTX Vendor Payments						X		
PMD - 28	Treasury Edits on CTX Files						X		
PMD - 30	SPS Payments							X	
PMD - 31	TAFS Information on Treasury Payment Files							X	
PMD - 34	Bulk Check Payment Files for Multiple ALCs						X		
PMD - 35	Consolidate Multiple Payments to Payee						X		

Requirement Number	Title	PM 3.1 Receipt and Acceptance of Goods	PM 3.2 Receipt and Acceptance of Services	PM 3.3.1 Invoice Entry	PM 3.3.2 Invoicing Processing	PM 3.3.3 Credit Memo	PM 3.4.1 Disbursements for Bulk Files (ACH/EFT, CCD, CCD+, CTX, and Checks)	PM 3.4.2 Disbursements for Small Volume and Same or Next Day Payments	PM 3.5 Returned Payments – ACH, Check, Same Day	
PMD - 36	Remittance Information on Treasury Payment Files						X			
PMD - 39	Payments GL Entries						X	X		
PMD - 50	Credit Memo Processing					X				
PMD - 51	Process Credit Memoranda Offsets					X				
PMD - 52	Credit Memoranda Offsets Across Funds					X				
PMD - 53	Notify Vendors of Credit Memoranda Offsets					X				
PMD - 54	Credit Memo Offset Exclusions					X				
PMD - 55	Reverse Scheduled Payments						X			X
SMB - 19	Over Tolerances	X	X	X						
SMB - 20	Over Tolerances by Obligation Type	X	X	X						
TLE - 01	Integrated Workflow					X				
TLE - 02	Workflow Process Definition					X				
TLE - 03	Document Processing Approval					X				
TLE - 04	Document Approvals					X				
TLE - 05	Processing Exception Notices					X				
TLE - 06	Document Approval Tracking					X				
TLE - 07	Document Routing	X		X	X		X			
TLE - 08	User Alerts				X					

Legend	
Requirement Type ID	
PMA	Payee Information Maintenance Process
PMB	Accounts Payable Process
PMC	Invoicing Process
PMD	Disbursing Process
SMB	Document and Transaction and Control Process
TLE	Workflow/Messaging

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# RECEIVABLES MANAGEMENT CORE FINANCIAL SYSTEM REQUIREMENTS

Requirement Number	Title	RM 4.12 Installment Agreements											
		RM 4.11 Waiver of Interest, Administrative Costs, and Penalties											
RM 4.10 Return of a Negotiable Instrument													
RM 4.9 Returned Items													
RM 4.8 Write-off of Accounts Receivable													
RM 4.7 Allowance for Loss on Accounts Receivable													
RM 4.6.2 Delinquent Debt Collection													
RM 4.6.1 Dunning													
RM 4.5 Application of Receipts													
RM 4.4 Collection of Receipts													
RM 4.3 Billing													
RM 4.2 Analyze Accounts Receivable													
RM 4.1 Establish Non-Federal Accounts Receivable													
GLB - 01	Standard Transactions	X				X	X						
GLC - 01	Updating General Ledger Balances	X				X	X		X	X	X	X	X
GLC - 02	Classifying Transactions by Attribute	X				X	X		X	X	X	X	X
GLC - 03	Validate Attributes	X				X	X		X	X	X	X	X
GLC - 04	Balanced General Ledger Postings by ACS	X				X	X		X	X	X	X	X
GLC - 05	Balanced General Ledger Postings by Account Type	X				X	X		X	X	X	X	X
GLC - 06	General Ledger Control Accounts Balanced with Subsidiary Ledgers	X				X	X		X	X	X	X	X
RMA - 01	Customer Information	X		X									
RMA - 02	Validate Customer TINs	X											
RMA - 03	Customer Query	X											
RMA - 04	Customer File History	X											
RMA - 05	Customer History Query	X											
RMA - 06	Criteria for Deactivating Customers	X											
RMA - 07	Customer Deactivation Edit	X											
RMB - 01	Record Receivables	X											

Requirement Number	Title	RM 4.12 Installment Agreements	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.10 Return of a Negotiable Instrument	RM 4.9 Returned Items	RM 4.8 Write-off of Accounts Receivable	Rm 4.7 Allowance for Loss on Accounts Receivable	RM 4.6.2 Delinquent Debt Collection	RM 4.6.1 Dunning	RM 4.5 Application of Receipts	RM 4.4 Collection of Receipts	RM 4.3 Billing	RM 4.2 Analyze Accounts Receivable	RM 4.1 Establish Non-Federal Accounts Receivable
RMB - 02	Receivable Adjustments						X					X		
RMB - 03	Receivable Type												X	
RMB - 04	Receivable Document Data										X		X	
RMB - 06	Non-Reimbursable Billings										X			
RMB - 09	Scheduled Billings										X			
RMB - 10	Billings to third-party payers										X			
RMB - 11	Bill Types										X			
RMB - 12	Bill Data										X			
RMB - 13	Additional Bill Data										X			
RMB - 14	Bill Forms										X			
RMB - 15	Derive Bill Data										X			
RMB - 16	Bill Number and Date										X			
RMB - 17	Consolidating Receivables										X			
RMB - 18	Receivable Status											X		
RMB - 20	Returned Checks			X										
RMB - 21	Reschedule Receivables													X
RMB - 22	Multiple Rescheduling													X



Requirement Number	Title	RM 4.12 Installment Agreements	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.10 Return of a Negotiable Instrument	RM 4.9 Returned Items	RM 4.8 Write-off of Accounts Receivable	Rm 4.7 Allowance for Loss on Accounts Receivable	RM 4.6.2 Delinquent Debt Collection	RM 4.6.1 Dunning	RM 4.5 Application of Receipts	RM 4.4 Collection of Receipts	RM 4.3 Billing	RM 4.2 Analyze Accounts Receivable	RM 4.1 Establish Non-Federal Accounts Receivable
RMB - 23	Amortization Schedule							X						
RMB - 24	Customer Account Statements													
RMC - 01	Assessing Interest						X	X						
RMC - 02	Interest Assessment Rate						X	X						
RMC - 03	Penalties and Administrative Charges						X	X						
RMC - 04	Accounting Classification of Receivables						X	X						
RMC - 05	Interest on Referred Debt						X							
RMC - 06	Dunning Notices							X						
RMC - 07	Dunning Notice Text							X						
RMC - 08	Accounts Receivable Aging Report											X		
RMC - 09	Accounts Receivable Aging Query											X		
RMC - 10	Receivables Eligible for Write-off				X									
RMC - 11	Waivers and Write-offs		X		X									
RMC - 12	Classify Write-offs				X									
RMC - 13	Waived and Written-off Receivables		X		X									
RMC - 15	Delinquent Debt Referral File						X							
RMC - 16	Receivable Updates						X							

Requirement Number	Title	RM 4.12 Installment Agreements	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.10 Return of a Negotiable Instrument	RM 4.9 Returned Items	RM 4.8 Write-off of Accounts Receivable	Rm 4.7 Allowance for Loss on Accounts Receivable	RM 4.6.2 Delinquent Debt Collection	RM 4.6.1 Dunning	RM 4.5 Application of Receipts	RM 4.4 Collection of Receipts	RM 4.3 Billing	RM 4.2 Analyze Accounts Receivable	RM 4.1 Establish Non-Federal Accounts Receivable
RMC - 17	Allowance for Loss					X								
RMC - 18	Delinquent Debt Categories						X							
RMC - 20	Customer Receivables Query											X		
RMC - 21	IRS Form 1099-C				X									
RMD - 01	Collection Data						X		X	X		X		
RMD - 02	Collections Against Receivables						X		X			X		
RMD - 03	Collections Without Receivables								X					
RMD - 04	Order for Applying Collections								X					
RMD - 05	Collections on Closed Receivables								X					
RMD - 06	Collections of Overpayments						X		X			X		
RMD - 07	Collections of Advance Payments								X					
RMD - 11	Collections Query											X		
SMB - 02	Transaction Number		X					X	X				X	
SMB - 06	Duplicate Documents							X						
SMB - 11	Rejctet Documents							X						
SMB - 33	Transaction Dates		X					X	X				X	X
SMD - 07	System Interfaces									X				

Requirement Number	Title	RM 4.1 Establish Non-Federal Accounts Receivable	RM 4.2 Analyze Accounts Receivable	RM 4.3 Billing	RM 4.4 Collection of Receipts	RM 4.5 Application of Receipts	RM 4.6.1 Dunning	RM 4.6.2 Delinquent Debt Collection	RM 4.7 Allowance for Loss on Accounts Receivable	RM 4.8 Write-off of Accounts Receivable	RM 4.9 Returned Items	RM 4.10 Return of a Negotiable Instrument	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.12 Installment Agreements		
TLD - 01	Application Program Interface					X	X									
TLD - 02	API Record Layouts						X									
TLD - 03	API Transaction Validation	X					X									
TLD - 04	API Transaction Suspension						X									
TLD - 05	API Processing Controls						X									
TLD - 06	API Generated Error Notices						X									
<b>Legend</b>																
<b>Requirement Type ID</b>																
GLB	Transaction Definition Process															
GLC	General Ledger and Updating Process															
RMA	Customer Information Maintenance Process															
RMB	Receivables and Billing Process															
RMC	Debt Management Process															
RMD	Collections and Offsets Process															
SMB	Document and Transfer Control Process															
SMD	System-Generated Transactions															
TLD	Interoperability															

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## Appendix E – Core System Requirements Matrix

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Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
CMA-01						X
CMA-02						X
CMA-03						X
CMA-04						X
CMA-05						X
CMB-01						X
CMB-02						X
CMB-03						X
CMB-04						X
CMC-01						X
CMC-02						X
CMC-03						X
FBA-01						X
FBA-02						X
FBA-03						X
FBA-04						X
FBA-05						X
FBA-06						X
FBA-07						X
FBA-08						X
FBA-09						X
FBA-10						X
FBA-11						X
FBB-01						X
FBB-02						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
FBB-03						X
FBB-04						X
FBB-05						X
FBB-06						X
FBB-07						X
FBC-01						X
FBC-02						X
FBC-03						X
FBC-04						X
FBC-05						X
FBC-06						X
FBC-07						X
FBC-08						X
FBC-09						X
FBC-10						X
FBC-11						X
FBC-12						X
FBC-13						X
FBC-14						X
FBC-15						X
FBC-16						X
FMC-01	X					
FMC-02						X
FMC-03	X					
FMC-04	X					
FMC-05						X
FMC-06						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
FMC-07	X					
FMC-08	X					
FMC-09	X					
FMC-10	X					
FMC-11	X					
FMC-12	X					
FMC-13	X					
FMD-01	X					
FMD-02						X
FMD-03	X					
FMD-04						X
FMD-05	X					
FMD-06						X
FMD-07						X
FMD-08						X
FMD-09						X
FMD-10						X
FMD-11						X
FMD-12						X
FMD-13						X
FME-01	X					
FME-02	X					
FME-03	X					
FME-04	X					
FME-05						X
FME-06						X
FME-07						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
FME-08	X					
FME-09						X
FME-10	X					
FME-11						X
FME-12	X					
FME-13						X
FME-14						X
FME-15						X
FME-16						X
FME-17						X
FME-18						X
FME-19	X					
FME-20						X
FME-21	X					
FME-22						X
FME-23						X
FME-24	X					
FME-25						X
FME-26						X
FME-27						X
FME-28						X
FME-29	X					
FME-30						X
FME-31						X
FME-32						X
FMF-01						X
FMF-02						X



Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
FMF-03						X
FMF-04						X
FMF-05						X
FMF-06						X
FMF-07						X
FMF-08						X
FMF-09						X
FMF-10						X
FMF-11						X
GLA-01						X
GLA-02						X
GLA-03						X
GLA-04						X
GLA-05						X
GLA-06						X
GLA-07						X
GLA-08						X
GLA-09						X
GLA-10						X
GLB-01	X		X			
GLB-02						X
GLB-03						X
GLB-04						X
GLB-05						X
GLB-06						X
GLB-07						X
GLC-01	X		X			

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
GLC-02	X		X			
GLC-03	X		X			
GLC-04	X		X			
GLC-05	X		X			
GLC-06	X		X			
GLC-07	X					
GLD-01	X					
GLD-02	X					
GLD-03	X					
GLD-04	X					
GLD-05	X					
GLD-06	X					
GLD-07	X					
GLD-08						X
GLE-01						X
GLE-02						X
GLE-03						X
GLF-01						X
GLF-02						X
GLF-03						X
GLF-04						X
GLF-05						X
GLF-06						X
GLF-07						X
GLF-08						X
GLF-09						X
GLF-10						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
GLF-11						X
GLF-12						X
GLG-01						X
GLG-02						X
GLG-03						X
GLG-04						X
GLG-05						X
GLG-06						X
GLG-07						X
GLG-08						X
GLG-09						X
GLG-10						X
GLG-11						X
GLG-12						X
GLG-13						X
PMA-01	X					
PMA-02	X	X				
PMA-03						X
PMA-04	X	X				
PMA-05	X					
PMA-06	X					
PMA-07	X					
PMA-08	X					
PMA-09	X					
PMA-10	X					
PMA-11						X
PMA-12						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
PMA-13						X
PMA-14						X
PMA-15	X					
PMA-16	X					
PMA-17	X					
PMB-01		X				
PMB-02		X				
PMB-03						X
PMB-04		X				
PMB-05		X				
PMC-01		X				
PMC-02		X				
PMC-03		X				
PMC-04		X				
PMC-05		X				
PMC-06		X				
PMC-07		X				
PMC-08		X				
PMC-09		X				
PMC-10		X				
PMC-11		X				
PMC-12						X
PMC-13		X				
PMC-14						X
PMC-15						X
PMC-16		X				
PMC-17						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
PMC-18						X
PMC-19		X				
PMC-20						X
PMC-21		X				
PMC-22		X				
PMC-23						X
PMD-01		X				
PMD-02		X				
PMD-03						X
PMD-04						X
PMD-05						X
PMD-06						X
PMD-07		X				
PMD-08		X				
PMD-09						X
PMD-10		X				
PMD-11		X				
PMD-12		X				
PMD-13		X				
PMD-14						X
PMD-15		X				
PMD-16						X
PMD-17		X				
PMD-18						X
PMD-19						X
PMD-20		X				
PMD-21		X				

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
PMD-22		X				
PMD-23		X				
PMD-24		X				
PMD-25		X				
PMD-26		X				
PMD-27		X				
PMD-28		X				
PMD-29						X
PMD-30		X				
PMD-31		X				
PMD-32						X
PMD-33						X
PMD-34		X				
PMD-35		X				
PMD-36		X				
PMD-37						X
PMD-38						X
PMD-39		X				
PMD-40						X
PMD-41						X
PMD-42						X
PMD-43						X
PMD-44						X
PMD-45						X
PMD-46						X
PMD-47						X
PMD-48						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
PMD-49						X
PMD-50		X				
PMD-51		X				
PMD-52		X				
PMD-53		X				
PMD-54		X				
PMD-55		X				
PMD-56						X
PMD-57						X
PMD-58						X
PME-01						X
PME-02						X
PME-03						X
PME-04						X
PME-05						X
PME-06						X
PME-07						X
PME-08						X
PME-09						X
PME-10						X
RMA-01			X			
RMA-02			X			
RMA-03			X			
RMA-04			X			
RMA-05			X			
RMA-06			X			
RMA-07			X			

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
RMB-01			X			
RMB-02			X			
RMB-03			X			
RMB-04			X			
RMB-05						X
RMB-06			X			
RMB-07						X
RMB-08						X
RMB-09			X			
RMB-10			X			
RMB-11			X			
RMB-12			X			
RMB-13			X			
RMB-14			X			
RMB-15			X			
RMB-16			X			
RMB-17			X			
RMB-18			X			
RMB-19						X
RMB-20			X			
RMB-21			X			
RMB-22			X			
RMB-23			X			
RMB-24			X			
RMB-25						X
RMB-26						X
RMC-01			X			



Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
RMC-02			X			
RMC-03			X			
RMC-04			X			
RMC-05			X			
RMC-06			X			
RMC-07			X			
RMC-08			X			
RMC-09			X			
RMC-10			X			
RMC-11			X			
RMC-12			X			
RMC-13			X			
RMC-14						X
RMC-15			X			
RMC-16			X			
RMC-17			X			
RMC-18			X			
RMC-19						X
RMC-20			X			
RMC-21			X			
RMD-01			X			
RMD-02			X			
RMD-03			X			
RMD-04			X			
RMD-05			X			
RMD-06			X			
RMD-07			X			

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
RMD-08						X
RMD-09						X
RMD-10						X
RMD-11			X			
SMA-01	X					
SMA-02						X
SMA-03	X					
SMA-04						X
SMA-05	X					
SMA-06	X					
SMA-07						X
SMA-08						X
SMA-09						X
SMA-10						X
SMA-11						X
SMA-12						X
SMA-13						X
SMB-01	X					
SMB-02			X			
SMB-03	X					
SMB-04						X
SMB-05						X
SMB-06			X			
SMB-07						X
SMB-08						X
SMB-09						X
SMB-10	X					

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
SMB-11	X		X			
SMB-12	X					
SMB-13	X					
SMB-14						X
SMB-15						X
SMB-16	X					
SMB-17						X
SMB-18	X					
SMB-19	X	X				
SMB-20	X	X				
SMB-21	X					
SMB-22	X					
SMB-23						X
SMB-24	X					
SMB-25	X					
SMB-26						X
SMB-27						X
SMB-28						X
SMB-29						X
SMB-30	X					
SMB-31						X
SMB-32						X
SMB-33			X			
SMC-01	X					
SMC-02	X					
SMC-03						X
SMC-04						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
SMC-05						X
SMC-06						X
SMC-07						X
SMC-08	X					
SMC-09	X					
SMC-10						X
SMC-11						X
SMC-12						X
SMC-13						X
SMC-14						X
SMC-15						X
SMD-01						X
SMD-02						X
SMD-03						X
SMD-04						X
SMD-05						X
SMD-06						X
SMD-07			X			
SMD-08						X
SME-01						X
SME-02						X
SME-03						X
SME-04						X
SME-05						X
TLA-01						X
TLA-02						X
TLA-03						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
TLA-04						X
TLA-05						X
TLA-06						X
TLA-07						X
TLB-01						X
TLB-02						X
TLB-03						X
TLB-04						X
TLC-01						X
TLC-02						X
TLC-03						X
TLC-04						X
TLC-05						X
TLC-06						X
TLD-01			X			
TLD-02			X			
TLD-03			X			
TLD-04			X			
TLD-05			X			
TLD-06			X			
TLD-07						X
TLD-08						X
TLD-09						X
TLD-10						X
TLE-01	X	X				
TLE-02	X	X				
TLE-03	X	X				

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
TLE-04	X	X				
TLE-05		X				
TLE-06	X	X				
TLE-07	X	X				
TLE-08	X	X				
TLE-09	X					
TLE-10						X
TLE-11						X
TLE-12						X
TLF-01	X					
TLF-02						X
TLF-03						X
TLG-01						X
TLG-02						X
TLG-03						X
TLG-04						X
TLG-05						X
TLG-06						X
TLH-01						X
TLH-02						X
TLH-03	X					
TLH-04						X
TLH-05						X
TLI-01						X
TLI-02						X
TLI-03						X
TLI-04						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
TLI-05						X
TLI-06						X
TLI-07						X
TLI-08						X
TLI-09						X
TLI-10						X
TLI-11						X
TLI-12						X
TLI-13						X
TLJ-01						X
TLJ-02						X
TLJ-03						X
TLJ-04						X
TLJ-05						X
TLJ-06						X
TLJ-07						X
TLJ-08						X
TLJ-09						X
TLJ-10						X
TLJ-11						X
TLJ-12						X
TLJ-13						X
TLK-01						X
TLK-02						X
TLK-03						X
TLK-04						X
TLK-05						X

Req #	Funds Management	Payment Management	Receivables Management	Reimbursables Management	Reports Management	Not Mapped
TLL-01						X
TLL-02						X
TLL-03						X
TLL-04						X
TLL-05						X



# Appendix F – Financial Management Laws and Regulations

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## Federal Statutes:

### *Appropriations Law*

Fundamental, long-standing statutes deal with the appropriation of monies to agencies from Congress, including the appropriate use and control of these monies. These statutes deal with the purpose, amount, and time of appropriations, as well as the availability of the associated monies. The following summary provides specific citations to these statutes, their common names, and their requirements.

### *Federal Managers' Financial Integrity Act of 1982*

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 amended the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency. FMFIA is comprised of two parts. OMB Circular A-123, *Management's Responsibility for Internal Control* (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004), is the primary vehicle for implementing FMFIA in the executive branch and describes internal control requirements. Agencies are also required to report annually on whether the agency accounting system complies with OMB A-127.

The FMFIA requires agency heads to establish controls that reasonably ensure:

- Obligations and costs are in compliance with applicable law;
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and
- Revenues and expenditures are properly recorded and accounted for.

(OMB revised Circular A-123 in 1995 to incorporate ideas from subsequent management legislation, such as the Chief Financial Officers Act.) The Circular provides guidance on improving the accountability and effectiveness of Federal programs and operations by establishing and reporting on management controls.

### *Chief Financial Officers Act of 1990 and Government Management Reform Act of 1994*

The Chief Financial Officers (CFO) Act of 1990 laid the foundation for significant financial management reform in the Federal government. The Act emphasizes strong financial leadership, improved systems of accounting, financial management and internal control, and reliable financial information. A key element of the Act is the requirement for Federal agencies to produce audited financial statements. The Government Management Reform Act of 1994 (GMRA) expanded financial statement audit coverage to include department-wide and Government-wide audited financial statements.

The CFO Act mandates three actions:

- Strong financial management leadership: The CFO Act established, in OMB, the Deputy Director for Management and the Office of Federal Financial Management, and created

chief financial officer positions in major agencies to provide financial management direction;

- Enhanced financial management systems: The CFO Act mandates that agency CFOs develop and maintain agency financial management systems that comply with applicable accounting principles, standards, and requirements; internal control standards; and requirements of OMB and Treasury; and
- Improved financial information: By requiring agency CFOs to maintain systems that report cost information, integrate accounting and budgeting, and systematically measure performance, the CFO Act emphasizes improved reliability and usefulness of agency financial information. Most importantly, the CFO Act requires that financial statements be prepared and audited.

### *Government Performance and Results Act of 1993*

The Government Performance and Results Act (GPRA) of 1993 holds Federal agencies accountable for achieving program results and requires them to identify missions, set goals, measure performance, and report on their accomplishments.

Under GPRA, each Federal agency must develop and submit a multiyear strategic plan, which contains the agency's mission statements and long-term strategic goals. Agencies must also submit annual performance plans, which include performance goals linked to the budget and indicators of how performance will be measured. Annual performance reports, also required under the Act, provide information on the extent to which the agency met its annual performance goals.

### *Federal Financial Management Improvement Act of 1996*

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires agencies to implement and maintain systems that substantially comply with (1) Federal accounting standards, (2) the United States Government Standard General Ledger (USSGL) at the transaction level, and (3) Federal financial management systems requirements. In addition, the FFMIA requires agencies' auditors to report whether agency systems comply with FFMIA's systems requirements. Agencies that determine their systems do not substantially comply must develop and submit remediation plans to OMB.

To comply with Federal financial management system requirements, OMB implementation guidance requires that systems meet the Circular A-127 requirements, JFMIP's Federal Financial Management Systems Requirements, and Circular A-130, Appendix III.

### *Debt Collection Act of 1982 and Debt Collection Improvement Act of 1996*

The Debt Collection Improvement Act (DCIA) is an extension of the Debt Collection Act. The purpose of these Acts is to require proper collection of debts, to authorize the compromise or suspension of some debts, and to authorize the use of certain collection tools that are available in the private sector. The use of electronic payment and offset methods is required.

### *Federal Information Security Management Act (FISMA) of 2002 (Public Law 107-347, Title III)*

The FISMA reiterates security requirements contained in existing OMB policies and in Federal laws such as the Computer Security Act of 1987, the Paper Reduction Act of 1995, and Clinger-Cohen Act of 1996. The Act mandates that Federal agencies implement an information security program and

designate a senior information security officer. FISMA also established evaluation and reporting requirements that requires each agency to report any significant deficiencies and an information security policy, procedure, or practice.

#### *Reports Consolidation Act of 2000*

This Act gives OMB the authority to combine financial reports to the President and Congress that contain performance and accountability information.

#### *Clinger-Cohen Act (CCA) — The Information Technology Management Reform Act of 1996*

This Act provides that the Government information technology shop be operated exactly as an efficient and profitable business would be operated. Acquisition, planning, and management of technology must be treated as a “capital investment.” While the law is complex, all consumers of hardware and software in the Department should be aware of the Chief Information Officer’s leadership in implementing this statute.

#### **Regulatory Guidance:**

##### *OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06) Preparing, Submitting, and Executing the Budget (Revised 7/25/2003)*

OMB made major revisions to Circular A-11 that merged the budget formulation and execution guidance to reinforce the requirement for agencies to integrate budget and performance and to improve the quality of their financial information. In addition, A-11 contains new guidance on managing physical and financial assets.

##### *OMB Circular A-25, User Charges*

The Circular:

- Establishes Federal policy regarding fees assessed for Government services and for sale or use of Government goods or resources;
- Provides information on the scope and types of activities subject to user charges and on the basis upon which user charges are to be set; and
- Provides guidance for agency implementation of charges and the disposition of collections.

##### *OMB Circular A-123, Management’s Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004), Management Accountability and Control (or Successor Documents) (6/21/1995)*

This Circular, which is the primary OMB guidance for FMFIA, is described in the section that relates to that act.

##### *Prompt Payment Final Rule (Formerly OMB Circular A-125, Prompt Payment) (9/29/1999)*

The Final Rule, the primary OMB guidance for Prompt Payment Act, is described in the section related to the specific act.

##### *OMB Circular A-127, Financial Management Systems (07/23/1993), Financial Management Systems (or Successor Documents) (7/23/1993)*

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This Circular augments FFMIA by specifically mandating that Federal Agencies implement integrated core accounting and financial management systems. To be fully integrated, the system must address:

- Standard data classification (both data and format);
- Common processes for handling similar accounting events;
- Consistent internal control mechanisms; and
- Elimination of duplicate transaction entry.

Circular A-127 also prescribes policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems generally. It incorporates, by reference, Circulars A-123 and A-130, as well as all federal financial management systems requirements published by JFMIP.

*OMB Circular A-129, Managing Federal Credit Programs (11/2000)*

This Circular prescribes policies and procedures for justifying, designing, and managing Federal credit programs, and for collecting non-tax receivables. It sets principles for designing credit programs, including:

- Preparation and review of legislation and regulations;
- Budgeting for the costs of credit programs and minimizing unintended costs to the Government; and
- Improving the efficiency and effectiveness of Federal credit programs.

Circular A-129 also sets standards for extending credit, managing lenders participating in Government guaranteed loan programs, servicing credit and non-tax receivables, and collecting delinquent debt.

*OMB Circular A-130, Management of Federal Information Resources (11/28/2000)*

OMB reissued Circular A-130 in revised form in December 2000 as Transmittal Memorandum No. 4. The expanded version of Circular A-130 provides guidance on the Paperwork Reduction Act, the Clinger-Cohen Act, the CFO Act, and others. This includes the requirement for all electronic systems, including financial management systems, to have a defined association with the agency's enterprise architecture.

The Circular provides specific guidance on collecting and managing information and records management, including:

- Electronic information collection;
- Provision of information to the public;
- Information dissemination systems; and
- Information safeguards.

It further mandates agencies to establish a capital planning and investment control (CPIC) process that links information technology investments to improved mission performance. The CPIC also establishes the links among agency processes including strategic planning, IT planning, enterprise architecture integration, performance planning, financial management planning pursuant to the Chief Financial Officers Act of 1990, and budget formulation and execution. Specifically, sections of A-130 cover these four areas:

- ***Capital planning and investment control*** processes must be followed and documented by all agencies. These processes, stemming from Clinger-Cohen, must integrate Information Resource Management (IRM) strategic and performance plans, financial management plans, the agency's IT enterprise architecture, and its budget. The agency's process for CPIC should include an IRM strategic plan, an IT capital plan, and an IT investment portfolio as described in OMB Circular A-11, *Preparation, Submission and Execution of the Budget* (6/30/06), *Preparation, Submission and Execution of the Budget* (6/30/06), the annual budget circular.
- ***Enterprise architecture*** framework and planning processes require an agency to document (and submit to OMB its current and target IT architecture and related support strategies, transition roadmaps, and IT and security standards, as well as a summary of the information services used throughout the Agency. The enterprise architecture framework anticipated by A-130 is driven by the business needs of the agency and is composed of layers complying with the Federal Enterprise Architecture Framework (FEAF) developed by the CIO Council.<sup>2</sup>
- ***Ensuring security in information systems*** is accomplished by explicitly incorporating security into the enterprise architecture and life-cycle planning for systems, and ensuring that security supports the agency's business operations. The agency's security plan must comply with the Federal Information Security Management Act (Public Law 107-347); Title III; policies and procedures outlined in Appendix III to A-130, *Security of Federal Automated Information Resources*; and the National Institute of Standards and Technology (NIST) requirements. Independent advice and comment on the security plan must be solicited prior to the plan's implementation.
- ***Information technology acquisition*** requires the use of adequate competition in contracting, allocating risk between the government and the contractor, and maximizing the return on investment. Major information systems should be structured into useful segments with narrow scope and brief duration. Off-the-shelf software should be used unless analysis clearly documents other approaches are more effective.

#### *Statements of Federal Financial Accounting Standards*

The FASAB was created in 1990 to develop and recommend Statements of Federal Financial Accounting Standards (SFFASs) for use by the Federal government. The growing body of SFFAS issued by FASAB is considered to be generally accepted accounting principles for Federal government entities.

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<sup>2</sup> The FEAF layers describe and link business processes, information flows, applications, data descriptions and relationships, and technology infrastructure.

The accounting standards that have resulted from FASAB's work are central to effectively meeting financial management improvement goals of the CFO Act and other legislation. In particular, FASAB's standards for managerial cost accounting, as described in SFFAS 4, are a primary source of guidance. This and other FASAB standards foster financial information and reporting that is understandable, relevant, and reliable concerning the financial position, activities, and results of operations for the Federal government and its departments and agencies. Furthermore, the standards prescribe accounting systems and internal control that help demonstrate that Federal programs are conducted in compliance with laws and regulations.

## Appendix G - Contributors

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### TABLE G-1 FUNDS MANAGEMENT CONTRIBUTORS

The following list identifies the focus and working group members who contributed in the development of the Funds Management document.

<i><b>Table G-1. Funds Management Contributors</b></i>	
<b>Organization</b>	<b>Name</b>
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Department of the Interior	Jan Smith
Department of the Treasury	Holden Hogue
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Program Office Support (KPMG)	David Fitz Constance Herron Ryan Patalune

## TABLE G-2 PAYMENT MANAGEMENT CONTRIBUTORS

The following list identifies the focus and working group members who contributed in the development of the Payments Management document.

<b><i>Table G-2. Payments Management Contributors</i></b>	
<b>Organization</b>	<b>Name</b>
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Department of Education	Angela Butler Danny Harris Sylvester Osineme
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## TABLE G-3 RECEIVABLES MANAGEMENT CONTRIBUTORS

Table G-3 lists the individuals who contributed to development of the Receivables Management Standard Business Process.

***Table G-3. Receivables Management Contributors***

Organization	Name
Office of Management and Budget	Joanne Choi Kim Farrington Adam Goldberg
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Department of Defense	William Chip (Defense Finance and Accounting Service) Greg Gayer (Defense Finance and Accounting Service) Nello Lavorini (Business Transformation Agency)
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